

APPENDIX B

B-1

PX-37



United Voices

Gene Gregory – Editor

UEP

HIGHLIGHTS OF THIS ISSUE

- * 2007 Egg Prices
- * Carbon Footprint
- * Mepkin Abbey
- * Greatest Myths

Review of 2007 Egg Prices

As we come to the end of a year of record egg prices, it is interesting to look back and review what happened to make the year profitable for most everyone. We believe the following is at least a partial list of the reasons for extremely good prices:

- Ethanol drove grain prices up causing egg producers to reassess their production costs.
- Ethanol and energy drove up the prices of most all food items.
- UEP's animal welfare guidelines continued to reduce the number of hens per house.
- Producers reduced their egg supply during the weeks between Easter and Labor Day.
- Egg product companies used up a vast majority of their dried egg inventory.
- Timely exports of shell eggs by United States Egg Marketers.
- Very limited construction of new houses or remodeled houses during 2006 and 2007.
- Producers did a far better job of managing their business to meet supply/demand.

Umer Barry Midwest Large Quote Comparisons

	<u>2007</u>	<u>2006</u>	<u>Difference</u>
Easter Market Peak	\$1.06	86 cents	+ 20 cents
Average Easter to Labor Day Weeks	\$1.04	67 cents	+ 37 cents
Thanksgiving Market Peak	\$1.63	\$1.06	+ 57 cents
Christmas Market Peak	\$1.65	\$1.07	+ 58 cents
Annual Average	\$1.17	75 cents	+ 42 cents

Shell egg prices likely were the driving force for all forms of eggs. The Umer Barry Central Breaking Stock quote averaged 37 cents per dozen higher in 2007 than 2006 and for the first time ever went over \$1.00 per dozen in December. Unpasteurized liquid whole egg prices averaged 33 cents per pound higher and prices for dried whole eggs averaged \$1.28 more per pound in 2007.

Now the questions are can we continue the profits for another year. Will we avoid excess remodeling or new construction beyond what would throw us into a surplus position? Will we continue to produce to meet the market demand for the weeks between Easter and Labor Day? Are we prepared for a reduction in exports if Europe sets barriers to keep us out of those markets? All these questions and others must be considered as you make plans for 2008.

UNITED EGG PRODUCERS
1720 Windward Concourse
Suite 230
Alpharetta, GA 30005

Phone: (770) 360-9220
FAX: (770) 360-7058

<http://www.unitedegg.com>

January 3, 2008

1

Cage Housing Has Lowest Carbon Footprint Of Layer Systems

Adrian Williams, senior research fellow at Cranfield University in the United Kingdom recently carried out a DEFRA-funded project that calculated the life cycle assessment of different farming systems. The concept looks at the consumption of natural resources such as minerals and fossil fuel. "Poultry is the market winner in energy performance," said Dr. Williams. He stressed, however, that Global Warming Potential (GWP) varied depending on the different types of poultry farming methods. **If the egg industry was to move to all cage production, GWP would fall by 10% while going all free-range would increase it by 10% More significant is that going organic would result in a 40% increase in GWP. Dr. Williams also reported that barn (cage-free floor) systems would increase GWP by 10%.**

Mepkin Abbey To Close Egg Farm

You may recall that we reported earlier this year that PETA had launched a campaign against the Mepkin Abbey – a small Trappist monastery located in South Carolina. The monks at Mepkin Abbey are self-supportive with one source of their income coming from the sale of eggs from 20,000 laying-hens kept in cages that meet the UEP Certified guidelines. The PETA campaign took on many different forms in which to disparage the monastery. Throughout the campaign against Mepkin, the local response has been and continues to be almost fully in support of the monks and their work, and opposed to PETA's methods and conclusions.

Finally, the pressure became so great that Mepkin Abbey announced in late December that it was phasing out of the egg business over the next year and a half. The announcement said: *"While the monks are sad to give up work that has sustained them for many years, a hard and honorable work of which they are proud, the pressure from PETA has made it difficult for them to live their quiet life of prayer, work and sacred reading."*

Mepkin Abbey has drawn tremendous support from the local community including the Charleston Post & Courier newspaper and their grocery customers. One example of support came from Ms. Celeste Albers who raises free-range chickens for eggs and described herself as a "green grocer" wrote: *"I have known the monks for 12 years and am familiar with their operation. I know them to be caring and responsible people, and hardworking and honest. They would never deliberately mistreat one of God's creatures. The monks provide the greater community with a high quality local food. I, for one, thank them for it."* Many people are asking the monastery to reconsider their decision.

Food Security

Organic agriculture is not a substitute for conventional farming systems in ensuring the world's food security --- according to a press statement issued by the UN Food and Agriculture Organization (FAO), which was issued in response to recent press and media reports suggesting that FAO endorses organic agriculture as the solution to world hunger. The statement noted that you cannot feed six (6) billion people today and nine (9) billion in 2050 without judicious use of chemical fertilizers.

U.S. House of Representative's Dining Service

Compass Group touts itself as the world's largest food service provider and has recently announced that over the next 90 days will phase in a policy of providing only cage-free eggs. While the volume of their egg business only represents about 1/10th of 1% of the nation's egg market, Compass Group and HSUS are getting lots of media coverage.

Their latest campaign has reached the U.S. House of Representative's Dining Services. The House Restaurant Associates announced disparaging comments about the cage business and acknowledged a switch to cage-free eggs along with efforts to be social and environmentally responsible.

Working along with other animal agriculture groups, UEP's Washington staff is making their opinions known to members of Congress.

Member Service Spotlight --- JohnsonDiversey

UEP is always evaluating new product and service opportunities that might benefit our membership. Only those companies that have superior products, outstanding service and demonstrated loyalty to UEP are recognized as a "preferred vendor" of member services. One of those outstanding companies is **JohnsonDiversey**, manufacturer of specialty cleaners and sanitizers for the egg industry. JohnsonDiversey has a history of UEP preferred member service dating back to 1987, more than 20 years. During this time, JohnsonDiversey has exhibited a strong commitment to our industry through innovation and outstanding service. They have consistently gone well beyond just have competitive pricing. Your UEP staff would like to extend the opportunity to the industry membership and ask you, if not currently a JohnsonDiversey customer, to please contact them and provide them an "opportunity" to visit with you concerning your cleaning and sanitizer needs. Your JohnsonDiversey contacts are:

Brad Polen (Regional Director) at (270) 991-1868
Brett Bailey (Business Development Manager) at (813) 624-2335

Each will be happy to provide information needed to fully evaluate how JohnsonDiversey can benefit your company. We are confident you will be pleased with what you see and hear. You may also contact Mike McGriff in the UEP office if you wish.

The Greatest Myths of My Lifetime

Expressed by: Gene Gregory

Forgive me for being a cynical person of many of the popular beliefs or fads. I never even owned a leisure suit and most fads and fashions pass me by before I get caught up. But there are some things that I think are or have been purely myths. One of Webster's description of a myths is – "*any fictitious story, or unscientific account; theory, belief, etc.*" This leads me to list just a few of what I believe are or were myths that were accepted by vast numbers of our population without even questioning them.

- Eating eggs will contribute to an increased risk of heart disease.
- The world will survive a thousand but not thousands of years. The world would end by the year 2000.
- Y2K. Clocks would stop working – computers would not convert to year 2000 and information would be lost – businesses would fail.
- A pandemic caused from the Asian Bird Flu would occur in the United States by the summer of 2006 and kill millions of people.
- Global Warming. Animal agriculture is the greatest threat to global warming and our survival. (I haven't even accepted the concept of global warming yet.)
- Organic foods are safer and healthier. Foods produced from organic animal production are better for the animals.

All of these gained tremendous press and prompted the warnings by so called experts or scientists. Where were they when the events didn't occur? So being a cynical person, I'm not going to join the fad of eating organic foods and

I'll wait a little longer and do a little more reading before I'm ready to accept Al Gore's theory that I'm personally contributing to global warming.

Meeting Events in 2008

We apologize for errors made in the 2008 Production Planning Calendar in regard to the Calendar of Events. Those listed with incorrect information and now corrected are as follows:

<u>Event</u>	<u>Dates</u>	<u>Location</u>
National Egg Regulatory Officials	March 2-5	Norfolk, VA
Nebraska Poultry Convention	March 5-6	Columbus, NE
Midwest Poultry Convention	March 19-20	St. Paul, MN
Umer Barry Conference	April 27-29	Las Vegas, NV
National Egg Quality School	May 19-22	Phoenix, AZ

Sorry for the errors. Please make changes to your calendar.

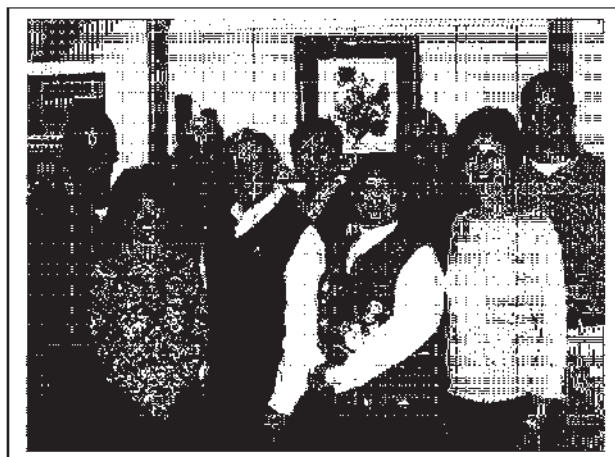
Sin Tax

PETA sent a letter to all the Democratic and Republican presidential candidates explaining that a 10-cent per-pound "sin" tax on meat and fish could go a long way in protecting the environment, reducing health-care costs, and adding dollars to the U.S. Treasury. PETA says that meat is the leading cause of global warming.

For Sale

15-dozen wire baskets. Call Linda at the UEP-Iowa office (563) 285-9100.

UEP Staff wishes everyone a HAPPY NEW YEAR



Sherry Shedd, Gene Gregory, Patricia Baumgart, Linda Reickard,
Chad Gregory, Howard Magwire, Phyllis Blizzard, Mike McGriff, & Derreck Nassar

MONTHLY DISAPPEARANCE

(Millions)

2007	JAN	FEB	MAR	APR	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	TOTAL
U. S. Slaughter	4.6	4.5	5.5	4.7	5.0	4.8	4.8	5.2	3.9	5.1	4.2		52.3
Canadian Slaughter	0.8	1.1	0.9	0.9	1.4	1.3	1.2	1.3	1.2	1.1	1.3		12.5
Rendering and Other	10.0	9.5	9.4	10.4	9.4	9.6	6.8	9.8	10.4	6.8	10.1		102.2
Normal Mortality	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5		27.5
Actual Total	17.9	17.6	18.3	18.5	18.3	18.2	15.3	18.8	18.0	15.5	18.1		194.5
Estimated Total for 2007 (2-22-07)	17.9	16.0	16.5	19.0	19.0	18.0	16.5	16.5	15.5	15.5	15.0	15.5	200.9

RKL/dm

12/24/2007

2-28-2001-10-10-00

CDA Policy Summary 7-2-07

INDA CENSUS STATISTICS (Layers)
Actual Numbers 7/1/04 thru 12/31/09
Revised Numbers thru 12/31/09
(200,000 head loss)

CHUCK BATCH	WAN	Q23	MO3	Q4P	MAX	Q4N	Q4P	Q22	Q21	Q20	Q19	Q18	Q17	Q16	Q15	Q14	Q13	Q12	Q11	Q10	Q09	Q08	Q07	Q06	Q05	Q04	Q03	Q02	Q01	Q00	Q-1	Q-2	Q-3	Q-4	Q-5	Q-6	Q-7	Q-8	Q-9	Q-10	Q-11	Q-12	Q-13	Q-14	Q-15	Q-16	Q-17	Q-18	Q-19	Q-20	Q-21	Q-22	Q-23	Q-24	Q-25	Q-26	Q-27	Q-28	Q-29	Q-30	Q-31	Q-32	Q-33	Q-34	Q-35	Q-36	Q-37	Q-38	Q-39	Q-40	Q-41	Q-42	Q-43	Q-44	Q-45	Q-46	Q-47	Q-48	Q-49	Q-50	Q-51	Q-52	Q-53	Q-54	Q-55	Q-56	Q-57	Q-58	Q-59	Q-60	Q-61	Q-62	Q-63	Q-64	Q-65	Q-66	Q-67	Q-68	Q-69	Q-70	Q-71	Q-72	Q-73	Q-74	Q-75	Q-76	Q-77	Q-78	Q-79	Q-80	Q-81	Q-82	Q-83	Q-84	Q-85	Q-86	Q-87	Q-88	Q-89	Q-90	Q-91	Q-92	Q-93	Q-94	Q-95	Q-96	Q-97	Q-98	Q-99	Q-100	Q-101	Q-102	Q-103	Q-104	Q-105	Q-106	Q-107	Q-108	Q-109	Q-110	Q-111	Q-112	Q-113	Q-114	Q-115	Q-116	Q-117	Q-118	Q-119	Q-120	Q-121	Q-122	Q-123	Q-124	Q-125	Q-126	Q-127	Q-128	Q-129	Q-130	Q-131	Q-132	Q-133	Q-134	Q-135	Q-136	Q-137	Q-138	Q-139	Q-140	Q-141	Q-142	Q-143	Q-144	Q-145	Q-146	Q-147	Q-148	Q-149	Q-150	Q-151	Q-152	Q-153	Q-154	Q-155	Q-156	Q-157	Q-158	Q-159	Q-160	Q-161	Q-162	Q-163	Q-164	Q-165	Q-166	Q-167	Q-168	Q-169	Q-170	Q-171	Q-172	Q-173	Q-174	Q-175	Q-176	Q-177	Q-178	Q-179	Q-180	Q-181	Q-182	Q-183	Q-184	Q-185	Q-186	Q-187	Q-188	Q-189	Q-190	Q-191	Q-192	Q-193	Q-194	Q-195	Q-196	Q-197	Q-198	Q-199	Q-200	Q-201	Q-202	Q-203	Q-204	Q-205	Q-206	Q-207	Q-208	Q-209	Q-210	Q-211	Q-212	Q-213	Q-214	Q-215	Q-216	Q-217	Q-218	Q-219	Q-220	Q-221	Q-222	Q-223	Q-224	Q-225	Q-226	Q-227	Q-228	Q-229	Q-230	Q-231	Q-232	Q-233	Q-234	Q-235	Q-236	Q-237	Q-238	Q-239	Q-240	Q-241	Q-242	Q-243	Q-244	Q-245	Q-246	Q-247	Q-248	Q-249	Q-250	Q-251	Q-252	Q-253	Q-254	Q-255	Q-256	Q-257	Q-258	Q-259	Q-260	Q-261	Q-262	Q-263	Q-264	Q-265	Q-266	Q-267	Q-268	Q-269	Q-270	Q-271	Q-272	Q-273	Q-274	Q-275	Q-276	Q-277	Q-278	Q-279	Q-280	Q-281	Q-282	Q-283	Q-284	Q-285	Q-286	Q-287	Q-288	Q-289	Q-290	Q-291	Q-292	Q-293	Q-294	Q-295	Q-296	Q-297	Q-298	Q-299	Q-300	Q-301	Q-302	Q-303	Q-304	Q-305	Q-306	Q-307	Q-308	Q-309	Q-310	Q-311	Q-312	Q-313	Q-314	Q-315	Q-316	Q-317	Q-318	Q-319	Q-320	Q-321	Q-322	Q-323	Q-324	Q-325	Q-326	Q-327	Q-328	Q-329	Q-330	Q-331	Q-332	Q-333	Q-334	Q-335	Q-336	Q-337	Q-338	Q-339	Q-340	Q-341	Q-342	Q-343	Q-344	Q-345	Q-346	Q-347	Q-348	Q-349	Q-350	Q-351	Q-352	Q-353	Q-354	Q-355	Q-356	Q-357	Q-358	Q-359	Q-360	Q-361	Q-362	Q-363	Q-364	Q-365	Q-366	Q-367	Q-368	Q-369	Q-370	Q-371	Q-372	Q-373	Q-374	Q-375	Q-376	Q-377	Q-378	Q-379	Q-380	Q-381	Q-382	Q-383	Q-384	Q-385	Q-386	Q-387	Q-388	Q-389	Q-390	Q-391	Q-392	Q-393	Q-394	Q-395	Q-396	Q-397	Q-398	Q-399	Q-400	Q-401	Q-402	Q-403	Q-404	Q-405	Q-406	Q-407	Q-408	Q-409	Q-410	Q-411	Q-412	Q-413	Q-414	Q-415	Q-416	Q-417	Q-418	Q-419	Q-420	Q-421	Q-422	Q-423	Q-424	Q-425	Q-426	Q-427	Q-428	Q-429	Q-430	Q-431	Q-432	Q-433	Q-434	Q-435	Q-436	Q-437	Q-438	Q-439	Q-440	Q-441	Q-442	Q-443	Q-444	Q-445	Q-446	Q-447	Q-448	Q-449	Q-450	Q-451	Q-452	Q-453	Q-454	Q-455	Q-456	Q-457	Q-458	Q-459	Q-460	Q-461	Q-462	Q-463	Q-464	Q-465	Q-466	Q-467	Q-468	Q-469	Q-470	Q-471	Q-472	Q-473	Q-474	Q-475	Q-476	Q-477	Q-478	Q-479	Q-480	Q-481	Q-482	Q-483	Q-484	Q-485	Q-486	Q-487	Q-488	Q-489	Q-490	Q-491	Q-492	Q-493	Q-494	Q-495	Q-496	Q-497	Q-498	Q-499	Q-500	Q-501	Q-502	Q-503	Q-504	Q-505	Q-506	Q-507	Q-508	Q-509	Q-510	Q-511	Q-512	Q-513	Q-514	Q-515	Q-516	Q-517	Q-518	Q-519	Q-520	Q-521	Q-522	Q-523	Q-524	Q-525	Q-526	Q-527	Q-528	Q-529	Q-530	Q-531	Q-532	Q-533	Q-534	Q-535	Q-536	Q-537	Q-538	Q-539	Q-540	Q-541	Q-542	Q-543	Q-544	Q-545	Q-546	Q-547	Q-548	Q-549	Q-550	Q-551	Q-552	Q-553	Q-554	Q-555	Q-556	Q-557	Q-558	Q-559	Q-560	Q-561	Q-562	Q-563	Q-564	Q-565	Q-566	Q-567	Q-568	Q-569	Q-570	Q-571	Q-572	Q-573	Q-574	Q-575	Q-576	Q-577	Q-578	Q-579	Q-580	Q-581	Q-582	Q-583	Q-584	Q-585	Q-586	Q-587	Q-588	Q-589	Q-590	Q-591	Q-592	Q-593	Q-594	Q-595	Q-596	Q-597	Q-598	Q-599	Q-600	Q-601	Q-602	Q-603	Q-604	Q-605	Q-606	Q-607	Q-608	Q-609	Q-610	Q-611	Q-612	Q-613	Q-614	Q-615	Q-616	Q-617	Q-618	Q-619	Q-620	Q-621	Q-622	Q-623	Q-624	Q-625	Q-626	Q-627	Q-628	Q-629	Q-630	Q-631	Q-632	Q-633	Q-634	Q-635	Q-636	Q-637	Q-638	Q-639	Q-640	Q-641	Q-642	Q-643	Q-644	Q-645	Q-646	Q-647	Q-648	Q-649	Q-650	Q-651	Q-652	Q-653	Q-654	Q-655	Q-656	Q-657	Q-658	Q-659	Q-660	Q-661	Q-662	Q-663	Q-664	Q-665	Q-666	Q-667	Q-668	Q-669	Q-670	Q-671	Q-672	Q-673	Q-674	Q-675	Q-676	Q-677	Q-678	Q-679	Q-680	Q-681	Q-682	Q-683	Q-684	Q-685	Q-686	Q-687	Q-688	Q-689	Q-690	Q-691	Q-692	Q-693	Q-694	Q-695	Q-696	Q-697	Q-698	Q-699	Q-700	Q-701	Q-702	Q-703	Q-704	Q-705	Q-706	Q-707	Q-708	Q-709	Q-710	Q-711	Q-712	Q-713	Q-714	Q-715	Q-716	Q-717	Q-718	Q-719	Q-720	Q-721	Q-722	Q-723	Q-724	Q-725	Q-726	Q-727	Q-728	Q-729	Q-730	Q-731	Q-732	Q-733	Q-734	Q-735	Q-736	Q-737	Q-738	Q-739	Q-740	Q-741	Q-742	Q-743	Q-744	Q-745	Q-746	Q-747	Q-748	Q-749	Q-750	Q-751	Q-752	Q-753	Q-754	Q-755	Q-756	Q-757	Q-758	Q-759	Q-760	Q-761	Q-762	Q-763	Q-764	Q-765	Q-766	Q-767	Q-768	Q-769	Q-770	Q-771	Q-772	Q-773	Q-774	Q-775	Q-776	Q-777	Q-778	Q-779	Q-780	Q-781	Q-782	Q-783	Q-784	Q-785	Q-786	Q-787	Q-788	Q-789	Q-790	Q-791	Q-792	Q-793	Q-794	Q-795	Q-796	Q-797	Q-798	Q-799	Q-800	Q-801	Q-802	Q-803	Q-804	Q-805	Q-806	Q-807	Q-808	Q-809	Q-810	Q-811	Q-812	Q-813	Q-814	Q-815	Q-816	Q-817	Q-818	Q-819	Q-820	Q-821	Q-822	Q-823	Q-824	Q-825	Q-826	Q-827	Q-828	Q-829	Q-830	Q-831	Q-832	Q-833	Q-834	Q-835	Q-836	Q-837	Q-838	Q-839	Q-840	Q-841	Q-842	Q-843	Q-844	Q-845	Q-846	Q-847	Q-848	Q-849	Q-850	Q-851	Q-852	Q-853	Q-854	Q-855	Q-856	Q-857	Q-858	Q-859	Q-860	Q-861	Q-862	Q-863	Q-864	Q-865	Q-866	Q-867	Q-868	Q-869	Q-870	Q-871	Q-872	Q-873	Q-874	Q-875	Q-876	Q-877	Q-878	Q-879	Q-880	Q-881	Q-882	Q-883	Q-884	Q-885	Q-886	Q-887	Q-888	Q-889	Q-890	Q-891	Q-892	Q-893	Q-894	Q-895	Q-896	Q-897	Q-898	Q-899	Q-900	Q-901	Q-902	Q-903	Q-904	Q-905	Q-906	Q-907	Q-908	Q-909	Q-910	Q-911	Q-912	Q-913	Q-914	Q-915	Q-916	Q-917	Q-918	Q-919	Q-920	Q-921	Q-922	Q-923	Q-924	Q-925	Q-926	Q-927	Q-928	Q-929	Q-930	Q-931	Q-932	Q-933	Q-934	Q-935	Q-936	Q-937	Q-938	Q-939	Q-940	Q-941	Q-942	Q-943	Q-944	Q-945	Q-946	Q-947	Q-948	Q-949	Q-950	Q-951	Q-952	Q-953	Q-954	Q-955	Q-956	Q-957	Q-958	Q-959	Q-960	Q-961	Q-962	Q-963	Q-964	Q-965	Q-966	Q-967	Q-968	Q-969	Q-970	Q-971	Q-972	Q-973	Q-974	Q-975	Q-976	Q-977	Q-978	Q-979	Q-980	Q-981	Q-982	Q-983	Q-984	Q-985	Q-986	Q-987	Q-988	Q-989	Q-990	Q-991	Q-992	Q-993	Q-994	Q-995	Q-996	Q-997	Q-998	Q-999	Q-1000	Q-1001	Q-1002	Q-1003	Q-1004	Q-1005	Q-1006	Q-1007	Q-1008	Q-1009	Q-1010	Q-1011	Q-1012	Q-1013	Q-1014	Q-1015	Q-1016	Q-1017	Q-1018	Q-1019	Q-1020	Q-1021	Q-1022	Q-1023	Q-1024	Q-1025	Q-1026	Q-1027	Q-1028	Q-1029	Q-1030	Q-1031	Q-1032	Q-1033	
-------------	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--



Washington Report

Howard Magwire, Vice President of Government Relations - Editor

Michael McLeod, Esq.

Randy Green, Sr. Government Relations Rep.

UEP Government Relations ** McLeod, Watkinson & Miller ** One Massachusetts Avenue, NW ** Suite 800
Washington, D.C. 20001 ** (202) 842-2345 ** Fax (202) 682-0775

Farm Bill Update

The House and Senate adjourned last month without completing work on the 2008 Farm Bill. While both legislative bodies passed their version of a farm bill, major decisions and agreements must be made in an upcoming House-Senate conference. One major sticking point: the Democrats closed certain tax "loopholes" to generate revenue necessary to fully fund provisions of the bills. Republicans and the President have objected to these tax "increases" and the President has threatened to veto a conference bill that contains revenue-raising provisions.

The House-Senate conference could conclude quickly - late January or February - if Congressional leaders decide to risk a veto. A March 15 completion date is probably more realistic if the Congress and Administration are to complete a bill that is agreeable to all parties.

Washington staff will follow the conference process and work to ensure that policies UEP supported for the egg industry will remain in the final bill - assurance of 100 percent indemnity in the event of a LPAI H5 or H7 outbreak and protection of confidential business information in USDA's animal identification system.

FDA and USDA Announce 2008 Regulatory Agendas

The Department of Agriculture (USDA) and the Food and Drug Administration (FDA) released their semiannual regulatory agendas last month. As expected FDA announced that it plans to publish a **final egg safety rule** early in 2008. The agency said that final action is expected in April 2008. The agency also said it would issue its final rule on the use of **specified risk materials** in animal feed in March 2008.

USDA announced that it plans to issue a final rule on the **Low Pathogenic Avian Influenza (LPAI) Voluntary Control Program** in May. The interim final rule was published in September 2006 and provided for 100 percent indemnification of costs associated with an outbreak of LPAI H5 or H7. Most states with commercial egg production have already received USDA approval of their LPAI plans under the interim final program.

The Department's Animal and Plant Health Inspection Service also plans a March 2008 interim final rule that adds prohibitions and restrictions on the importation of birds, poultry and bird and poultry products from regions that have reported the presence of **highly pathogenic avian influenza subtypes other than H5N1**. These restrictions are almost identical to those imposed on regions with exotic Newcastle disease.

The Food Safety and Inspection Service plans to publish revised **Egg Products Inspection Regulations** in July 2008. The revised regulations will require egg plants to develop and implement HACCP systems and sanitation standard operating procedures.

Ethanol Mandate

Following is an analysis, prepared by the UEP Washington Team; of the ethanol mandate included in energy legislation passed by Congress and signed into law by the President in December.

The New Ethanol Mandate: A Backgrounder for UEP Members

In December, President Bush signed major energy legislation that, along with the first mandated increase in automobile fuel efficiency in many years, will require a major expansion in the use of renewable fuels by U.S. gasoline refiners. The Renewable Fuel Standard (RFS), which was enacted in 2005 to cover the period through 2012, has been extended through 2022 with greatly expanded volume requirements.

The RFS, Then and Now

The original RFS mandated alternate-fuel use (nearly all corn-based ethanol) of 4.0 billion gallons in 2006, rising gradually to 7.5 billion gallons in 2012. The RFS was a major factor behind a boom in ethanol plant construction (other factors included rapidly rising petroleum prices and the phase-out of the fuel additive MTBE).

This year, however, ethanol prices fell and it seemed the boom might turn into a bust – perhaps in part because industry capacity was rapidly outrunning the requirements of the RFS. But the President made an increase in the RFS a central part of his energy proposals early in the year, and the Senate passed an aggressive mandate. The House did not, but in conference with the Senate agreed to adopt an RFS schedule very similar to the Senate's numbers. These numbers are now part of Public Law 110-140, the Energy Independence and Security Act of 2007.

The New RFS

The new Act will increase the RFS for corn-based ethanol immediately, from 2008's original 5.4 billion gallon benchmark to a revised 9.0 billion gallon requirement. Corn-based ethanol requirements continue to increase, top out at 15 billion gallons in 2015 and remain at that level through 2022. The total RFS will eventually rise much higher than that, to 36 billion gallons in 2022. The difference – eventually some 22 billion gallons – is to be met through "advanced biofuel," mostly cellulosic fuel. This is an ambitious goal, since there is virtually no commercial cellulosic ethanol production now. The Act may, however, spur innovation to cut cellulosic operating costs, expand availability of cellulosic feedstocks, and otherwise encourage the development of that industry.

Failing that, the Act does give the Environmental Protection Agency authority to reduce total RFS requirements. This means that a failure of cellulosic ethanol production to take off would not necessarily mean any further increases in corn-based ethanol mandates, beyond those already in the new law.

Current Conditions, Future Uncertainty

Even without P.L. 110-140, U.S. ethanol production would probably have exceeded the 2008 Renewable Fuel Standard of 5.4 billion gallons. The 2007 RFS was 4.7 billion gallons, and 2007 ethanol production is estimated at 6.4987 billion gallons by USDA. According to the Renewable Fuels Association (RFA), current ethanol production capacity plus the capacity planned to be added through expansions and new construction totals 13.4463 billion gallons.

But this total capacity number is sobering in light of the Act's requirement for 15 billion gallons of ethanol by 2015. Absent a further expansion of the U.S. ethanol industry, that goal may be impossible to reach from domestic sources alone – making it an ironic possibility that future ethanol needs would have to be met through imports, despite the Act's goal of energy independence. (Some ethanol imports already occur, though a hefty 54-cent-a-gallon import fee discourages this trade.)

Some other estimates are a little more encouraging. According to the December 24, 2007, issued of *Feedstuffs*, the brokerage firm Allendale, Inc., estimates current production capacity at 7.229 billion gallons, and believes 2007 actual output was 7.040 billion gallons, above the RFA figure. Allendale also has a higher number for eventual total industry capacity, estimating that current operating capacity plus planned expansions will total 15.2979 billion gallons. That would marginally exceed the 15-billion-gallon 2022 mandate, but since no industry operates at 100% capacity, meeting the RFS could still require ethanol imports.

How Much Corn?

In any case, ethanol plants will be using a lot of corn. USDA's most recent estimate of 2007/08 corn use for ethanol is 3.2 billion bushels. Since a bushel of corn generates about 2.7 gallons of ethanol, this means U.S. corn ethanol production in this period is estimated at about 8.64 billion gallons. (Note that the corn marketing year, which runs from September through August, does not correspond exactly to the calendar years to which RFS mandates apply.)

A 9 billion gallon RFS means that during calendar year 2008, which spans parts of both the 2007/08 and 2008/09 corn crop years, the equivalent of 3.3 billion bushels of corn would be needed to meet the RFS requirement if there were no imports. Thus, the 2008 RFS is not much higher than the usage that was already forecast to occur. However, the mandate increases significantly after that. The table below shows the 2008-2015 RFS for corn-based ethanol and the amount of corn required to produce that quantity.

Year	RFS (Billion Gallons)	Corn Required (Billion Bushels)
2008	9.0	3.3
2009	10.5	3.9
2010	12	4.4
2011	12.6	4.7
2012	13.2	4.9
2013	13.8	5.1
2014	14.4	7.2
2015	15	5.6

These quantities substantially exceed USDA's long-term projections. The most recent 10-year forecast from the Department, issued in February 2007, had about 4.2-4.3 billion bushels being used for fuel in the later years of the projection period. USDA will update these numbers early in the new year, and it will be interesting to see what use categories the Department thinks will be cut back in order to maintain minimum stock requirements. Logically, either feed use or exports will have to decline in order keep stocks even at pipeline levels.

The Full Details

The next table shows the complete new RFS requirements, broken out by categories. The second-from-left column, “Conventional Biofuel,” is the corn-based ethanol requirement.

Year	Conventional Biofuel	Advanced Biofuel	Cellulosic Biofuel	Biomass- based Diesel	<i>Undifferentiated Advanced Biofuel</i>	Total RFS
2008	9.0					9.0
2009	10.5	.6		.5	0.1	11.1
2010	12	.95	.1	.65	0.2	12.95
2011	12.6	1.35	.25	.8	0.3	13.95
2012	13.2	2	.5	1	0.5	15.2
2013	13.8	2.75	1		1.75	16.55
2014	14.4	3.75	1.75		2	18.15
2015	15	5.5	3		2.5	20.5
2016	15	7.25	4.25		3.0	22.25
2017	15	9	5.5		3.5	24
2018	15	11	7		4.0	26
2019	15	13	8.5		4.5	28
2020	15	15	10.5		4.5	30
2021	15	18	13.5		4.5	33
2022	15	21	16		5	36

Facing the Future

Livestock and poultry groups, including UEP, strongly opposed the RFS expansion and lobbied against it. However, the political appeal of ethanol remains strong for members of Congress, despite a rising tide of media articles that raise questions about the fuel's impact on water usage, its ability to reduce greenhouse gas emissions, and the effect of corn-based ethanol on consumer food prices. So far, the positives easily outweigh the negatives for lawmakers, who passed the final energy legislation by large margins.

Thus, livestock and poultry producers face the reality of a law that will increase competition for their primary feed ingredient. The groups are likely to focus on influencing a National Academy of Sciences study required by the new law. This study will examine, among other things, ethanol's impact on the livestock industry. And there is certainly a chance that Congress will revisit the law in the years ahead – especially if cellulosic ethanol production fails to come to market, or if the ethanol construction boom turns out to be over.

Indeed, Congress could eventually face intense criticism from the public if corn or soybean production shortfalls should combine with an inflexible ethanol mandate to spur further increases in consumer prices. There has not been a major Midwest drought since 1988, and already ethanol is being blamed in part for the accelerated pace of consumer price inflation. The goals of renewable energy and adequate food supplies could yet collide, potentially spurring a significant backlash against corn-based ethanol.

B-2

PX-48



United Egg

United Voices

Gene Gregory – Editor

UEP

HIGHLIGHTS OF THIS ISSUE

- * **Export**
- * **Bay Area Vegan**
- * **Bank of America**

Change of Hotel For Philadelphia Area Meeting

Those planning to attend UEP's Area Meeting in Philadelphia should note that the location is at a different hotel than in past years. This year's meeting is being held at the **Renaissance Philadelphia Hotel** at 500 Stevens Drive. The phone number is (610) 521-5900. We hope to see all members at one of the following locations:

August 20 – Hilton Airport Hotel in Atlanta, GA
August 22 – Renaissance Hotel in Philadelphia, PA
August 23 – Radisson Hotel (Airport) in Indianapolis, IN
August 28 – Holiday Inn Conference Center in Des Moines, IA
August 29 – Doubletree Hotel Ontario Airport – Ontario, CA
August 30 – Doubletree Hotel Seattle Airport – Seattle, WA

All meeting times will be from 10:00 AM till 2:00 PM with the exception of Des Moines where the time will be from 9:00 AM till 1:00 PM.

There are lots of important industry issues and we will attempt to cover most of them within the short 4-hour period. Don't miss out on this opportunity to provide your input. There are over 200 people that have confirmed their attendance at these meetings.

USEM Export

The United States Egg Marketer members have approved the sale of 132 container loads of eggs for export starting with delivery the week of August 20th. Never in the past seven years since UEP assumed the management of USEM has an export ever been taken at such a high price. The sale, made at 60 cents per dozen, is 10 cents higher than any previous export.

USEM Export Committee considered inquiries from four (4) European customers in reaching the decision to accept this export. Urner Barry's quote for breaking stock in Europe is currently 27 cents per dozen higher than a year ago this same week thereby indicating that there may be a limited supply of eggs for breaking in Europe.

UNITED EGG PRODUCERS
1720 Windward Concourse
Suite 230
Alpharetta, GA 30005

Phone: (770) 360-9220
FAX: (770) 360-7058

<http://www.unitedegg.com>

Extreme Heat

The weather map shows a lot of "red" all across the country. With temperatures in the high 90s, for much of the country, we will surely see an impact upon the egg supply. Even in climate-controlled houses, this prolonged hot period will likely increase mortality and reduce egg size and production.

Dried Egg Inventory

USDA's dried egg inventory at matched plants shows an inventory that is 53% below levels of a year ago on July 31st.

With week ending August 4th, we also find USDA reporting that the egg breaking industry has broken 3% fewer eggs this year than at the same date a year ago.

Wendy's Becomes The Latest Target of HSUS

The Humane Society of the United States (HSUS) has launched a nation-wide campaign with print and radio ads calling upon Wendy's to convert to all cage-free eggs. The story features a glass of Wendy's "Frosty" and says "What's Wendy's Attitude Toward Animal Welfare?" The ad also includes a picture of cage laying hens.

Organic Bar Food Is Costly

Recently I had some time to waste in the Chicago airport so I went across the street to have a beer in the Hilton Hotel bar. There I found the only menu on the table to be for organic foods. Keep in mind that the following items and prices are for bar food not food on the menu of some fancy restaurant.

Grass Fed Filet Mignon	\$43.00
Free-Range Chicken Breast	\$29.00
Sustainable Seared Tuna	\$32.00

Back in the office I find a report out of the University of Minnesota and published in the Journal of Food Protection that says organic foods contain higher risk of fecal contamination. It says that a recent comparative analysis of organic produce versus conventional produce shows that the organically grown produce had 9.7% positive samples for the presence of generic E.coli bacteria versus only 1.6% for conventional produce on farms in Minnesota.

Letter to Bay Area Vegans

The email letter from a member of the San Francisco Bay Area vegans says the following: *"I am thrilled to announce the launch of a campaign to get an initiative on the November 2008 ballot that, if passed, just might be the biggest victory for animals ever - and certainly the biggest victory for farmed animals. The Humane Society of the United States (HSUS) is supporting an initiative that would outlaw battery cages for egg-laying hens, gestation crates for breeding pigs, and veal crates for calves throughout the state of California. We need about 600,000 signatures throughout the state, and we'll have 150 days from the beginning of October to the end of February or beginning of March to do it. We'll train people in signature gathering and we'll need lots of other volunteer support, so I'll keep you posted. We'll be having a huge kickoff party to give more details the last week of September."*

Has the veal industry already given up the fight? Feedstuffs reports that the American Veal Association Board of Directors has unanimously approved a new policy that the veal industry fully transition to group housing production by the end of 2017.

Will the hog industry phase out gestation crates? Smithfield Foods has already made a statement for their company when announcing that they would phase out gestation crates in hog facilities.

The egg industry still has a very good chance of winning this battle and maintaining cages but we must all be united and we must all begin to tell the story about the advantages of cages. The very best way to defend our industry is by using and bragging about the science-based guidelines. It is going to take a lot of devoted time and money to win this battle and we should all help the California egg producers in their effort to maintain cages in their state. If the activists win in California, state ballots will come quickly in other states. **WE CAN WIN IF WE WORK TOGETHER AND USE THE TOOLS WE HAVE TO DEFEND OUR INDUSTRY.**

Interesting Numbers

Through the first six (6) months of 2007 the industry produced 1.48 million fewer cases of shell eggs than during the same period a year ago.

Umer Barry's Midwest Large quote is currently 36 cents per dozen higher than a year ago while the breaking stock quote is 40 cents higher.

Normally you would find retail prices of cage-free eggs to be at least double the price of cage eggs. USDA reports the retail feature price from 17,000 stores across the country averaged \$1.02 for cage eggs and \$1.50 for white cage eggs for the week of August 10th – 16th.

Costs of Alternative Housing Systems

By: Don Bell

A recent article suggested that housing/equipment costs for some of the new options could cost as much as \$30 per hen. What does this mean in terms of production costs?

A comparison of housing/equipment costs at \$8 per hen versus \$30 per hen when depreciated over the life of the house and equipment and based on 22 dozen eggs per hen would increase the production cost by 13 cents per dozen. To put it another way – 290 million hens – times \$22 per hen increase in investment costs equals \$6.4 billion. Higher egg production cost at 13 cents per dozen times 290 million hens times 22 dozen per hen equals \$830 million per year in higher costs at the farm level. When passed on to the consumer, this could reach \$1 –2 billion as an added costs of food in the U.S. for questionable benefits to the consumer.

Be sure you're able to get these higher costs back for your products. Traditional egg prices will not cover your costs unless you do.

I hope the industry will translate the above to their arguments for maintaining our current system of production. Let's maintain our policy of freedom of choice and continue to argue against the imagined benefits of such systems. Cages are "pro-welfare".

Passing of Don West

Don West, for many years an egg industry leader in California, passed away at 98 years of age on August 3rd. Until his death he was still active in the company business and coming to the office most every day.

Mr. West served as President of the J.S. West & Company in Modesto from 1957 to 1974. Survivors of Mr. West that continue in the egg business are sons, Gary and Jim West, nephew Bob Benson, great niece Jill Benson and great nephew Eric Benson.

EggPAC

By: Linda Reickard

We have received many EggPAC checks and appreciate your efforts in getting this taken care of quickly. We would like this wrapped up by the end of August so if you haven't written your **personal** check, please do so as soon as possible. You can take it to your Area Meeting and give it to any staff member or mail to the Iowa UEP office. Thanks for all of your support.

Bank of America

If you do business with Bank of America, you might want to register your complaint that the Bank is providing financial support to the Humane Society of the United States (HSUS) through an affinity credit card program (**The Humane Society Credit Card**). The card has a nice little picture of a cat or dog. The announcement says: *"Bank of America will provide 25 cents for every \$100 in purchases you make with this exclusive card to the HSUS. Since this credit card program provides all of the HSUS' promotional funding, your purchases directly support HSUS animal-protection programs at no additional cost to you."*

Maybe you need to tell Bank of American that this is the same organization that has an aggressive campaign to eliminate modern animal agriculture practices. Bank of America needs to know that HSUS does not support or manage any local or national animal shelters. Maybe they need to know that HSUS does not believe in pet breeding, medical research using animals, using animals in education and entertainment, including zoos, aquariums, circuses, rodeos, etc.

Hart County School Board Pulls HSUS Literature From Schools

The Hart County Board of Education (sorry don't know the state) has rescinded its previous decision to make some HSUS literature available to students at the discretion of principals and teachers. After reviewing the material in KIND NEWS, a national publication of HSUS, the school board felt there were political statements in the literature and therefore pulled the literature from the schools. Board members had objections to the following: *"School Puts the Chicken Before the Egg"*. The article offered information from a Connecticut school that only used eggs from local farms where the chickens are not confined in cages and quoted a HSUS representative encouraging other schools to do the same.

Food and Water Watch

There actually seems to be more groups of organizations attempting to eliminate modern agriculture practices, or scare people with food safety messages, than there are groups trying to promote agriculture's positive message. We all know about HSUS, PETA, etc., but have you checked out the website of Food & Water Watch. Go to www.foodandwaterwatch.org.

August 17, 2007

4



Washington Report

Howard Magwire, Vice President of Government Relations - Editor

Michael McLeod, Esq.

Randy Green, Sr. Government Relations Rep.

UEP Government Relations ** McLeod, Watkinson & Miller ** One Massachusetts Avenue, NW ** Suite 800
Washington, D.C. 20001 ** (202) 842-2345 ** Fax (202) 682-0775

New Regulation Will Affect Employers

A new regulation issued on August 15, 2007, by the Department of Homeland Security (DHS) outlines the "safe harbor procedures" for employers who receive a letter from the Social Security Administration (SSA) or a notice from the DHS that an employee lacks proper authorization to work.

Each year the SSA sends out No Match letters, commonly referred to as "mismatch" letters, to employers notifying them that the combination of name and Social Security number submitted to SSA for an employee does not match agency records. These letters are sent if an employer has submitted more than 10 W-2s with mismatches or the number of mismatches amount to more than one half of 1 percent of all the W-2s submitted by the employer.

Under the new guidelines, which will go into effect on September 14, 2007, several steps will provide protection to the employer when a No Match letter is received from SSA. If the employer follows these "safe harbor" procedures, DHS will not charge the employer with constructive knowledge that the employee lacks authorization to work. If an employer is unable to confirm employment through these procedures, the employer must choose between taking action to terminate the employee or risk liability for violating the law by knowingly continuing to employ an unauthorized person.

Further information on action to take in response to No Match letters is included with materials UEP staff will distribute at the area meetings this month. Members can also find the information under Members Only section on the UEP website or access the complete Federal Register notice at <http://a257.g.akamaitech.net/7/257/2422/01jan20071800/edocket.access.gpo.gov/2007/pdf/E7-16066.pdf> (You will need to cut and paste this link into your browser.)

Republicans Introduce Immigration Reform Bill

Republican Senators have introduced an enforcement-only immigration bill as a first step towards reviving the comprehensive reform legislation that the Senate defeated in June. Jon Kyl of Arizona, Lindsey Graham of South Carolina, and John McCain of Arizona, who supported the comprehensive reform bill that attracted only 45 votes on the Senate floor, introduced the bill along with Jeff Sessions (R-AL), who opposed the reform measure.

"We can still show the American people that we are serious about securing our nation's border," McCain said

in a statement, adding that the new bill would “provide an essential step toward achieving comprehensive reform in the future.”

Observers noted the bill is an about face by Senator McCain, who was harshly criticized by conservatives for his support of the reform package.

If passed by Congress and signed by the President, the bill would make it easier for federal agents to seize smugglers’ cars at the border, mandate jail time for individuals who overstay their visas--currently 40 percent of all people here illegally--and turn closed military bases into detention facilities. The bill would make being in the country illegally a criminal misdemeanor, increase penalties for re-entering after being deported, require use of an electronic system for employers to check workers’ citizenship status, and require illegal immigrants who commit a crime to be held in jail until they are deported. Fraudulent use of a Social Security number would become a felony.

Mexico’s Ban on 11 Texas Counties Ends

The USA Poultry and Egg Export Council staff in Mexico City learned that the Mexican Secretariat of Agriculture has finished revising the import sanitary permit (HRZ) to reflect its recent notification to USDA that it has withdrawn its avian influenza ban on poultry from 11 counties in Texas. Mexico first imposed the ban in 2004.

Meetings on Premise Registration and HPAI

UEP Washington Staff met last week with USDA Under Secretary for Marketing and Regulatory Programs Bruce Knight to the National Animal Identification System (NAIS) and the UEP/UEA Movement and Control Plan for HPAI.

While the Department has received substantial criticism from Congress and some segments of industry for its administration NAIS, Under Secretary Knight has championed an orderly implementation of a voluntary program. He and former APHIS Administrator Dr. Ron DeHaven have taken actions to assure the confidentiality of information provided producers participating in the program and continue to urge support a voluntary, rather than mandatory program.

In the meeting last week, UEP staff discussed the organization’s for assisting layer egg producers in registering their production premises with the designated state agencies. Staff will review premise registration at each of the area meetings. Staff also discussed with the Under Secretary the grant application that UEP is submitting to recover costs associated with registering producers.

The Washington Team also expressed appreciation for the Animal and Plant Inspection Service’s cooperation in continuing to work with the egg industry to prepare for a potential incident of HPAI in the United States. Ongoing cooperative efforts between the egg industry and USDA will help assure an orderly response to an outbreak. At its meeting in Chicago last month, the American Egg Board approved funds for a risk assessment that the University of Wisconsin will conduct. The assessment will weigh risks associated with moving eggs, egg products and associated materials/equipment in accord with the UEP/UEA protocol.

Meeting with USAHA

The Animal Agriculture Coalition met with members of the United States Animal Health Association Executive Committee (USAHA) this week to discuss pending legislation that affects all of animal agriculture and measures to control foreign animal diseases. Current members of the executive committee are state veterinarians that represent states with substantial egg production. Dr. Lee Myers, Georgia State Veterinarian and Assistant Commissioner of Agriculture, is president of USAHA.

The informal meeting was an opportunity to review the UEP/UEA HPAI Movement and Control Plan with these animal health leaders. At the USAHA annual meeting in October, UEP/UEA members plan to propose that USAHA recommend that USDA continue to support this plan. Most members of the Executive Committee were already familiar with the plan.

Congress in Recess

When the House and Senate are in recess each August, legislative activity is, of course, on hold and the usual flurry of activity slows somewhat, but most staff members remain in Washington for much of the month. The Washington Team has used this break to meet with staff members of several Congressional offices on pending issues of continuing importance to the egg and egg products industries. While the House passed Farm Bill legislation before members left town early this month, the Senate is expected to take it up when it reconvenes next month. Several UEP successes in the House bill must be addressed again with members of the Senate.

B-3

PX-66

**UEP – Marketing Committee
January 23, 2007
Atlanta, GA.**

MINUTES

Call To Order: Chairman Roger Deffner called the meeting to order at 4:00 PM with the following being present:

Roger Deffner – Brian Barrett – Jim Brock – Jim Dean – Bob Hodges – Cliff Lillywhite
Ernest Mahard – Kevin Mussman – Mark Oldenkamp – Paul Osborne – Marcus Rust
Larry Seger – David Thompson – Gary West – Doug Wicker – Derek Yancey
Joe Maust -Lee Felmlee – Sharon Fracalossi – Duane Mangskau Gene Gregory
Rick Brown - Fred Adams – Marvin Anderson – George Atwood – Dolph Baker –
Phyllis Blizzard -Richard Brownell – Billy Caldwell – Toby Catherman – Ed Clark –
John Todd -Bill Glass – Bob Gornichec – Jerry Grove – Eric Scholer – Patricia Huff –
Arnie Riebli - Doug Richardson – Norm Stocker – Ray Blanchet – Sean Delano
Ron Whaley -Jim DenBleyker – Don Dent – Bern Diekema – Mike Gemperle

Minutes: The minutes of the October 11, 2006 meeting were in the folder. **MOTION:** It was moved by Gary West and seconded by Mark Oldenkamp to approve the minutes. Carried.

Chairman's Comments: Deffner thanked each committee member for their willingness to serve and welcome new members, Joe Maust and Bob Hodges. He stated that today's agenda will reflect accomplishments and areas for improvement and hopefully will stimulate good discussions. He said despite the recent good egg prices we still have challenges including our ability to maintain discipline placements and molts – demand for our products – feed costs – and price discovery. He reported that our flock size on December 1st was lower than the previous year for the first time since 2003. He thanked Phyllis Blizzard, Larry Seger and all USEM members for their efforts in the two recent exports.

Review of Meeting With Potato Growers: Deffner reported on the morning's meeting with Randon Wilson and Jerry Wright from the United Potato Growers of America and applauded their excellent presentations. Deffner said that after feeling lots of pain from losing money and potential bankruptcy, the potato growers had two choices. One to go under a government control program or an industry Redacted supply/demand program managed by the industry. The potato growers have now turned things around and have been making money with the majority of the growers supportive of the program. Deffner announced that UEP's Long Range Planning Committee would take under consideration what actions UEP should take from this point forward.

Review Of Price Discovery: Deffner reported on the November 14th Price Discovery Committee meeting with Rick Brown. He stated that we had a very friendly, open, and productive discussion of the issues affecting price discovery. He reported that Mike Bynum led a discussion regarding the graded loose index and the large quote. This was followed by Rick Brown's presentation which focused upon (1) the history of trading relationships, (2) defining the graded loose index, (3) grade-out values (GYSL), and (4) a PCT summary. Deffner reported general agreement was reached on the following points:

1. We believe that over time the spread between the graded loose index and the benchmark quotes will fall within the 30 to 33 cent range. There should be no difference in the spread between graded loose index and the large quote among the regions.
2. Trading of class weight eggs (i.e., class 1's) and public trading of carton large can and do have an impact on the Umer Barry quote, but would not be reflected in the graded loose index. Therefore, the spread could be out of the 30 to 33 cent range because of trading of Class # 1's and or public traded carton large eggs.
3. We believe the model used by ECI for determining grade-out of a class weight egg is no longer representative of industry conditions therefore, the GYSL may have changed and the model needs to be updated.
4. To address the buyer that must re-grade and re-handle a load, we will create a new classification of plant grade loose large that would be assigned the same conversion costs and trading range as a Class # 1. This is 36 to 38 back of the large carton quote. The new classification could be named one of the following: (a) Plant Grade Loose Re-grade (b) Washed Nest Run (c) Blended Plant Grade. The new classification would be a 48# pack consisting of graded loose large rather than a 45# pack.
5. Paul Sauder and Roger Deffner will request that ECI write a new trading specification for this new classification.

GYSL and Grade-Outs: Rick Brown followed Deffner's report and stated that Umer Barry in cooperation with ECI and UEP is conducting quarterly PCT surveys and needed greater industry participation. He also reported that the grade-outs for purposes of determining GYSL is under review and needed industry input. He announced that he is working with ECI to create a new GYSL model.

USEM Exports: Larry Seger and Phyllis Blizzard provided a report and assessment of the November export and the one currently being filled in January. A graph was presented showing that the November export had increased egg prices by about 15 cents during November and December. Seger also stated that the January export, along with improved consumer demand, producers having molted and slaughtered a couple weeks earlier than previously schedule, and weather had contributed to record prices in January. Seger thanked all the USEM members and called upon anyone not currently a member to fill out the membership form in the folder. Phyllis Blizzard reported on some of the complications involved with the January export.

Growth of Ethanol Production and Grain Prices: Eric Scholer from Express Markets, Inc. presented a report showing monthly forecast of corn usage for ethanol and its impact upon the supply of corn available for animal feeding and the expected impact upon corn prices. Scholer forecast corn prices to reach \$5.50 per bushel in the spring of 2007 and falling to \$3.20 by the fall.

Industry Statistics: Gene Gregory presented some industry statistic reports and spoke briefing about his economic forecast for 2007.

Adjourn: There, being no further business the meeting was declared adjourned at 5:30 PM.

Recorded by: Gene Gregory

B-4

PX-70



United Voices

Gene Gregory – Editor

HIGHLIGHTS OF THIS ISSUE

- * **USEM Exports**
- * **Group Sues EPA**
- * **Ban Cages In
NH**

HAPPY & PROFITABLE NEW YEAR

USEM Export

The United States Egg Marketer (USEM) members have once again voted overwhelmingly to accept a sizable export of shell eggs. The sale of 300 container loads (approximately 246,000 cases) will be delivered between January 8th and February 2nd.

Since the announcement of USEM members in the UEP "*United Voices*" newsletter of November 16, the following new USEM members have been added:

**Creighton Bros.
Feather Crest Farms
Fort Recovery Equity
Hickman's Egg Ranch
P & R Farms
Rose Acre Farms
R.W. Sauder**

USEM now has the membership support from producers owning approximately 139 million layers.

UEP's Production Planning Calendar (just recently published and distributed) forecast January and February Carton Large prices in the Midwest to average about 84 cents per dozen. With the delivery of such a large volume export, it is expected that prices will exceed UEP's forecast. It is also believed that the announcement of USEM working on a sizable export may have helped hold prices at higher levels the last week of December.

December 1st Flock Size

USDA reported the nation's egg-type flock inventory to be 290.1 million layers on December 1st, which was the first time since 2003 when the December 1st inventory was less than the previous year.

Pullet chicks hatched in November were 2% less than during the same month a year ago and the hatch for the period January through November was also 2% below the same period a year earlier.

UNITED EGG PRODUCERS
1720 Windward Concourse
Suite 230
Alpharetta, GA 30005

Phone: (770) 360-9220
FAX: (770) 360-7058

info@unitedegg.com
<http://www.unitedegg.com>

Al Pope
President

Gene Gregory
Sr. Vice President

Chad Gregory
Vice President
Member Services

Agricultural and Other Groups Sue EPA Over a Clean Air Act Regulation
By: Tom Hebert – C&M Capitolink LLC

The National Pork Producers Council, the American Farm Bureau Federation, and the National Cattlemen's Beef Association have all joined the growing list of parties filing lawsuits challenging EPA's new Clean Air Act regulation involving National Ambient Air Quality Standards (NAAQS) for particulate matter. While industry and agriculture have sued EPA on the grounds that the rule is too severe or over-reached its legal authority, environmental advocacy groups and 13 states, lead by New York, have also sued EPA saying the rule is too weak and ignores the latest science documenting serious health affects. The agricultural groups are particularly concerned about the rule's potential limits on farm dust, which they say should be exempted from NAAQS standards due to the lack of scientific proof that such dust poses a significant human health risk. Amongst others industry interests filing suit are the Utility Air Regulatory Group, comprised of investor-owned power plant companies, and a coalition calling itself the Fine Particulate Matter Petitioners Groups, an industry alliance that includes the National Association of Manufacturers and the U.S. Chamber of Commerce.

Efforts To Exempt Agriculture from Federal Superfund Laws Setback
in December ... But Supporters Vow to Continue in 2007
By: Tom Hebert – C&M Capitolink

Trade associations representing poultry and livestock producers and many of the processors of livestock and poultry products made a final effort in December to gain passage in the 109th Congress of a measure that would have exempted agriculture from the federal Superfund laws. The effort stalled in the Senate, where the objections of the incoming Chair of the Senate Environment Committee, Barbara Boxer (D-CA) prevented the measure from passing the Senate by voice vote. UEP has been a major supporter of the effort to gain this exemption and many UEP members have responded to UEP's request for letters and emails to their Members of Congress in support of the measure.

These Superfund laws, more formally referred to as CERCLA and EPCRA, provide for the exemption of normal agricultural practices but not for manure itself. As a result, some livestock and poultry producers are finding themselves the target of unusual and costly legal challenges based on CERCLA and EPCRA. Furthermore, as most UEP members that are participating in the EPA Air Consent Agreement know, livestock and poultry facilities with ammonia emissions over 100 pounds per day are required to report their emissions under CERCLA and EPCRA.

Despite this setback in the effort to get the exemption, the supporters of this measure remain committed to working with the upcoming 110th Congress to seek its passage. They point to the fact that several Senate Democrats have and continue to support the measure and there is hope that under the right mix of circumstances a sufficient majority can be formed from these Democrats and the numerous Republican supporters to enable its passage in the Senate in 2007. UEP will continue to participate vigorously in these efforts and will keep you informed as to the developments. In the meantime, thanks for taking the time to communicate with Congress on this measure. We hope that our efforts will eventually result in success on this issue that is so important to us all.

New Jersey – A HSUS Target

The Humane Society of the United States (HSUS) and Farm Sanctuary distributed the following press release on December 13th: *"Today, oral arguments will be heard in a landmark case, challenging the New Jersey Department of Agriculture's (NJDA) mandated, humane standards for farm animals. A broad coalition of humane organizations, farmers, veterinarians, environmental and consumer groups allege that the NJDA has failed to establish humane standards for farm animals – as required by the New Jersey legislature in 1996 – and has instead sanctioned numerous inhumane practices used to raise animals for meat, eggs and milk on industrialized factory farms."*

The plaintiffs include Farm Sanctuary, the New Jersey Society for the Prevention of Cruelty to Animals, the Humane Society of the United States, American Society for the Prevention of Cruelty to Animals, Animal Welfare Institute, Animal Welfare Advocacy, Saving our Resources Today, Center for Food Safety, and the Organic Consumers Association.

Bill To Ban Cage Production In New Hampshire

The Humane Society of the United States has engaged former state representative and now lobbyist, Nancy Johnson to push legislation in the state of New Hampshire that would ban the production of eggs in cages and to create a cage-free egg purchasing policy. The separate bills would not only prohibit cage production but also prohibit the state from purchasing eggs from hens kept in cages. Both the State Veterinarian and the state's Farm Bureau are opposed to the proposed legislation and are asking for UEP's assistance.

With virtually no cage production in the state, HSUS views this as an easy state for victory much like they did in Florida and Arizona with legislation to ban sow gestation crates.

HSUS Plans To Expand State Legislative Initiative

The Animal Legal Defense Fund announced that the Humane Society of the United States (HSUS) is seeking a State Legislative Specialist. The job description for this position indicates that the person will "oversee, support, and directly lobby for" the introduction at the state level as well as research and help prevent passage of legislation hostile to HSUS' interests, working in cooperation with regional offices, campaign staff, program staff, and other field contacts. This move is part of HSUS' increased focus on state legislative strategies.

ALF Firebombs Deans Foods Egg Farm

Those of you attending UEP's Annual Meeting in San Antonio may remember that Andrew Joret from Dean Foods in the United Kingdom was a guest speaker. The following is recent news about his company:

"Animal rights terrorists claimed responsibility for a firebomb attack which caused \$492,000 damage to trucks at an egg farm. A cell acting for the Animal Liberation Front said it set fire to six trucks packed with eggs at Deans Foods in the United Kingdom. The extremists claimed they used sophisticated electronic devices for the first time in the UK to detonate the bombs while miles away."

EggPAC Report

We would like to thank David Woodward of Ritewood Egg in Idaho for his contribution to the 2006 EggPAC. We also apologize for failing to include his name in our last newsletter when we listed all contributors. Our total contributions in 2006 were \$104,873.51 and we are thankful to everyone who participated in this very important campaign.

John Ricca Dies

Former UEP Chairman, John Ricca (1987-1989) passed away on December 24th at the age of 75. Ricca of Billerica, Massachusetts started his Ricca Farms in 1956 and the business grew to include 3 farms and 22 contract farms in MA, NH, and ME over the next 20 years. In 1985 the business was consolidated in one location in Western Massachusetts with over a million layers. Notes of condolence can be sent to Joan Ricca at 2515 NE Apt. - 107, 1st Court - Boynton Beach, Florida 33435.

Joe Hamby Dies

Former President (General Manager) of National Egg Company (later changed to Southern UEP), Joe C. Hamby died at 82 years of age on December 27th. Hamby, a longtime resident of Gainesville, Georgia began as a route salesman for Ralston Purina and went on to become a leader in the poultry industry in the Southeast.

Egg Product Exports

The export of dried and liquid egg products for the first 10 months of 2006 were down the equivalent of 278,989 cases of shell eggs when compared to the same period a year ago.

Membership Dues & UEP Certified Fees

We are pleased to see so many UEP and UEA Producer Packer members taking advantage of the 5% discount by paying their membership dues in full, rather than paying monthly.

UEP Certified companies are reminded that a condition of maintaining their UEP Certified status is the payment of their administrative and public relation fees.

UEP's Role In A Profitable Industry

While recognizing that your cooperative can only do so much to help the industry be profitable, we do believe the UEP Board, Marketing Committee and staff must play a role in providing assistance. Ways in which we hope we have provided assistance include:

- Supply-demand recommendations
 - Annual Production Planning Calendar
 - Working with Umer Barry on price discovery and a quarterly PCT survey.
 - Volume shell egg exports through the United States Egg Marketers membership.
-

Wanted/For Sale

Looking for 100,000 used Harwood plastic flats. Call Linda at the UEP-Iowa office (563) 285-9100.
For Sale: 4800 15-doz wire baskets. Call Linda at (563) 285-9100.

Room Reservations At Omni

Apparently some people have received room confirmations from the Housing Bureau and others have not. We have received a rooming list from the Housing Bureau and everyone who made a reservation through us is on the list. However, we strongly urge you to contact the Omni directly the week before the convention to confirm your reservation and to get the hotel's confirmation number for you room. The Omni's phone number is 404-659-0000.



United Egg Producers

UEP Headquarters
1720 Windward Concourse, Suite 230, Alpharetta, Georgia 30005
(770) 360-9220 · FAX (770) 360-7058



Final Notice →

UEP Board Meeting
January 23 – 25, 2007
Omni Hotel
Atlanta, Georgia

This will be an action-packed meeting of UEP Committees and Board activities followed by our Annual Howard Helmer Omelet Breakfast and Briefing Session. Included is the function schedule for the upcoming board meeting and International Poultry Convention along with registration.

**A
"Don't Miss"
Marketing
Session**

For UEP Members Only

ECONOMIC SUMMIT

Tuesday, January 23rd -- 8:30 – Noon

Featuring:

❖ **Officials and Founders of the National Potato Cooperative (Wall Street Journal)**



Randon W. Wilson,
Attorney
Jones, Waldo, Holbrook &
McDonough



Jerry Wright, CEO
United Potato Growers
of Idaho

❖ **Shell Egg Export Update / Market Impact Update – USEM**

❖ **2007 Outlook**

The International Poultry Convention will feature a redesigned exhibition area with egg displays closest to the Omni Hotel. UEP's booth #4873 in "B" Hall is ideally located to greet you as you enter the convention exhibit area.

Our rooms at the Omni Hotel are sold-out. If you are still in need of a room, please contact the IPE Housing Bureau directly at 1-800-480-4364.

Many critical issues and industry changing opportunities will be discussed and you will want to be there. See you in Atlanta

Respectfully,

Dolph Baker
UEP Chairman

Al Pope
UEP President

-over-

UEP AGENDA & REGISTRATION

Tuesday, January 23rd

8:30 – Noon	UEP Emergency Economic Summit - <i>UEP Members Only</i> (Lunch Included)
Noon – 1 PM	UEP Executive Committee Meeting (Lunch Included)
1 – 4 PM	UEP Committee Meeting: Animal Welfare
1:30 – 3:30 PM	UEP Committee Meeting: Food Safety
4 – 6 PM	UEP Committee Meetings: Government Relations Marketing/Price Discovery Environment
Evening	On your own to enjoy hospitality rooms

Wednesday, January 24th

6:30 AM	Continental Breakfast
7 – 10 AM	UEP Board of Directors Meeting

Thursday, January 25th

8 – 10 AM	UEP Briefing Breakfast with Howard Helmer
10 – Noon	UEA Further Processor Meeting

US Poultry Convention Schedule

10 AM – 5 PM	Wednesday, January 24 – Thursday, January 25
9 AM – 2 PM	Friday, January 26

REGISTRATION

- ☐ Yes, I plan to attend the UEP Board Meeting.
- ☐ Yes, I plan to attend the UEP Economic Summit (Note: You may need to come in on the evening of Monday, January 22nd rather than on the 23rd.)
- ☐ Yes, I plan to attend the UEP Briefing Breakfast featuring Howard Helmer.
Please reserve _____ (# of attendees) for the event.

Name (s) _____

Company Name _____



Please fax to Linda Reickard at 563-285-9109.
Questions? Call Linda at 563-285-9100 or email at lindareickard @netins.net.

MONTHLY DISAPPEARANCE

(Millions)

	JAN	FEB	MAR	APR	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	TOTAL
U. S. Slaughter	6.2	4.5	5.1	4.5	5.4	4.1	4.1	4.6	4.3	5.0	3.8		
Canadian Slaughter	1.1	1.2	1.1	0.7	0.7	0.3	0.3	0.5	0.2	0.4	1.0		
Rendering and Other	8.4	7.3	7.2	10.5	11.3	11.3	8.6	9.4	6.6	10.3	8.2		
Normal Mortality	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5		
Actual Total	18.2	15.5	15.9	18.2	19.9	18.2	15.5	17.0	13.6	18.2	15.5		
Estimated	18.2	16.1	15.8	17.0	17.9	19.0	17.0	17.0	16.5	15.8	15.8	17.1	203.2
Total for 2006													

U. S. Slaughter

Canadian Slaughter

Rendering and Other

Normal Mortality

Actual Total

Estimated

Total for 2006

(2-28-06)

RKL/dm

12/26/2006

USDA POULTRY STATISTICS (layers)

Actual Numbers 1/1/03 thru 12/1/06

Projected Numbers thru 12/31/07

(000,000 omitted)

PULLET CHICK HATCH	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL	% Change For Year	Avg. Per Month
2003	16.7	15.0	18.4	18.8	19.1	18.2	17.8	16.6	17.9	17.4	15.1	16.9	207.9	-1.3%	17.3
2004	17.7	16.0	18.8	18.8	19.3	19.0	17.1	18.4	18.4	18.0	19.2	18.5	219.2	5.2%	18.3
2005	19.5	17.0	20.9	19.1	18.7	17.3	17.7	19.5	16.9	17.7	16.4	18.1	218.8	-0.2%	18.2
2006	17.7	16.9	19.5	17.3	20.1	18.9	16.6	17.5	18.4	18.2	15.9	18.1	215.0	-1.7%	17.9
2007	18.0	17.0	19.5	18.5	19.5	18.5	17.5	17.0	17.9	17.7	16.0	18.7	215.8	0.4%	18.0
HEN SLAUGHTER															
2003	8.2	6.8	7.0	8.3	7.2	6.4	5.6	5.5	5.0	5.5	4.4	5.9	75.8	-27.2%	6.3
2004	5.8	5.2	6.1	6.1	6.1	6.3	5.0	6.4	6.2	5.9	5.7	6.4	72.2	-5.0%	6.0
2005	5.8	5.5	7.3	7.1	6.8	7.2	5.5	5.6	5.3	5.2	4.8	6.1	72.2	0.0%	6.0
2006	6.2	4.5	5.1	4.5	5.4	4.1	4.1	4.6	4.3	5.0	3.8	5.0	56.6	-21.6%	4.7
2007	5.0	4.5	5.0	5.0	5.0	4.5	4.5	4.5	4.5	4.5	4.5	5.0	56.5	-0.1%	4.7
LAYING HEN NUMBERS															
2003															
Begin No. Layers	282.1	282.0	280.1	279.7	276.2	275.4	274.8	276.2	276.9	276.9	279.3	282.4	70.2% Annual Rate	***	278.5
Placements *	16.6	16.6	15.0	14.5	14.9	15.5	14.0	17.1	17.5	17.8	16.9	16.6	192.9	-2.3%	16.1
Slaughter	8.2	6.8	7.0	8.3	7.2	6.4	5.6	5.5	5.0	5.5	4.4	5.9	75.8	-27.2%	6.3
Mortality **	8.5	11.7	8.4	9.7	8.5	9.7	6.9	10.9	12.5	9.9	9.4	13.6	119.7	43.0%	10.0
Ending No. Layers	282.0	280.1	279.7	276.2	275.4	274.8	276.2	276.9	276.9	279.3	282.4	279.5	278.3		
UB NE LG. Mkt.	83.4	80.1	86.0	83.0	73.7	82.9	87.0	99.8	101.0	105.8	128.4	115.3	93.9		
2004															
Begin No. Layers	279.5	279.8	280.5	282.8	281.9	282.7	282.6	283.4	284.0	285.3	286.5	285.2	66.5% Annual Rate	***	282.9
Placements *	15.4	15.6	16.2	14.0	15.7	16.5	14.9	17.5	17.5	17.9	17.7	15.9	195.9	1.5%	16.3
Slaughter	5.8	5.2	6.1	6.1	6.1	6.3	6.0	6.4	6.2	5.9	5.7	6.4	72.2	25.5%	6.0
Mortality **	9.3	10.7	7.8	8.8	8.8	10.3	8.1	10.5	10.0	10.8	13.3	7.3	115.8	40.9%	9.6
Ending No. Layers	279.8	280.5	282.8	281.9	282.7	282.6	283.4	284.0	285.3	286.5	285.2	287.4	283.5		
UB NE LG. Mkt.	120.5	113.5	128.9	95.4	79.5	82.0	75.8	69.4	72.0	62.7	76.6	81.1	88.1		
2005															
Begin No. Layers	287.4	288.5	289.5	285.7	282.7	282.1	281.3	281.7	283.5	285.6	287.3	290.7	71.3% Annual Rate	***	285.5
Placements *	17.1	17.1	16.7	17.9	17.2	18.1	15.8	19.4	17.8	17.4	16.1	16.5	207.1	5.7%	17.3
Slaughter	5.8	5.5	7.3	7.1	6.8	7.2	5.5	5.6	5.3	5.2	4.8	6.1	72.2	25.3%	6.0
Mortality **	10.2	10.6	13.2	13.8	11.0	11.7	9.9	12.0	10.4	10.5	7.9	10.1	131.4	46.0%	10.9
Ending No. Layers	288.5	289.5	285.7	282.7	282.1	281.3	281.7	283.5	285.6	287.3	290.7	290.9	285.8		
UB NE LG. Mkt.	70.8	67.0	69.0	62.2	60.6	70.0	69.8	66.1	82.1	68.6	82.8	91.5	71.7		
2006															
Begin No. Layers	290.9	290.8	291.0	291.6	288.7	285.5	283.8	284.0	285.1	287.6	288.1	290.1	70.2% Annual Rate	***	288.1
Placements *	18.1	15.7	16.5	15.3	16.8	16.5	15.7	18.1	16.1	18.7	17.5	15.4	200.4	-3.2%	16.7
Slaughter	6.2	4.5	5.1	4.5	5.4	4.1	4.1	4.6	4.3	5.0	3.8	5.0	56.6	19.6%	4.7
Mortality **	12.0	11.0	10.8	13.7	14.6	14.1	11.4	12.4	9.3	13.2	11.7	11.5	145.7	50.6%	12.1
Ending No. Layers	290.8	291.0	291.6	288.7	285.5	283.8	284.0	285.1	287.6	288.1	290.1	289.1	287.9		
UB NE LG. Mkt.	81.4	65.0	85.6	72.1	62.4	71.8	62.5	74.0	73.3	77.2	105.5	101.0	77.7		
2007															
Begin No. Layers	289.1	288.3	289.4	289.9	285.7	283.5	282.2	281.5	283.2	284.9	287.5	289.7	69.5% Annual Rate	***	286.2
Placements *	15.3	17.1	16.9	14.8	16.8	16.7	15.8	18.1	17.2	18.1	17.2	16.3	201.4	0.5%	16.8
Slaughter	5.0	4.5	5.0	5.0	5.0	4.5	4.5	4.5	4.5	4.5	4.5	5.0	56.5	19.7%	4.7
Mortality **	12.0	11.5	11.5	14.0	14.0	13.5	12.0	12.0	11.0	11.0	10.5	10.5	143.5	50.1%	12.0
Ending No. Layers	288.3	289.4	289.9	285.7	283.5	282.2	281.5	283.2	284.9	287.5	289.7	290.5	286.4		
UB NE LG. Mkt.													286.4		

* Pullet placements in laying house are computed as 93% of pullet hatch reported five months earlier.

** Mortality - includes, hen house mortality, fire loss, theft, unreported disposal, and mysterious disappearance.

*** Top % is change in 20 wk old pullets housed vs previous year, 2nd is slaughter as a % of laying flock size, and the 3rd is mortality & disappearance as a % of laying flock size.



Washington Report

Howard Magwire, Director of Government Relations - Editor

Michael McLeod, Esq.

Randy Green, Sr. Government Relations Rep.

UEP Government Relations ** McLeod, Watkinson & Miller ** One Massachusetts Avenue, NW ** Suite 800
Washington, D.C. 20001 ** (202) 842-2345 ** Fax (202) 682-0775

Signup for LPAI

Last month, UEP sent a survey to producers that inquired into the status of participation or intended participation in the USDA National Poultry Improvement Plan's (NPPI) new Low Pathogenic Avian Influenza (LPAI) Program. That plan provides for 100 percent indemnification of most costs associated with a LPAI H5 or H7 outbreak if the responsible state agency and producer are participating in a surveillance testing, diagnostic and containment and eradication program. In addition to dealing with LPAI viruses before they can mutate to highly pathogenic forms, the program helps fulfill U.S. obligations to the World Animal Health Organization and thus removes a significant obstacle to exports of our eggs and egg products.

Several producers have returned the completed survey; with the vast majority indicating that they plan to participate in the program. If you have not returned your survey please send it to Howard Magwire in the UEP Washington office. Some survey responders reported that states are anxious to start the program, but are waiting for USDA approval of their containment and eradication plans. UEP confirmed with NPPI officials that they are completing details of the approval protocol and while commenting on draft controls submitted by a majority of states, they have not formally approved any of these controls. However, several states have already completed memorandums of understanding with individual producers in anticipation of final approval by USDA. NPPI officials confirmed that states may sign up producers before such approval is received.

USDA Purchases New Fowl Meat Products

On December 21, 2006, the USDA Agricultural Marketing Service (AMS) Poultry Program purchased 18 trailer loads of cooked chicken crumbles and burger-style patties that will be produced completely from spent light fowl meat. UEP and others had previously urged USDA to explore new uses for meat from spent egg layers as meat from spent broiler breeders has continued to displace light fowl in the diced chicken purchased by AMS. These purchases of fully-cooked frozen product will demonstrate to states the types of products that can be produced from spent fowl. The goal is to expand another initiative by AMS to purchase raw bulk light fowl that states redirect to further processors for manufacture into finished products of the states choice. In this program, USDA buys the fowl and the states pay for further processing. Purchases of bulk fowl rather than finished products benefits USDA, the industry and recipients. USDA dollars directed to the raw ingredient provide the maximum amount of support to the egg industry and allow individual states to receive finished products that meet their specific needs and preferences.

The 702,000 pounds of finished product will go to recipients in ten states – Alabama, Arizona, Connecticut, Florida, Massachusetts, Ohio, Oklahoma, Rhode Island, Texas, and West Virginia. On December 27, AMS announced its intention to purchase an additional 663,000 pound of crumbles and patties to complete the pilot

program for this school year. The planned purchases are for delivery to California, Florida, Massachusetts and Texas.

USDA commodity purchases are constrained by demands from industry, recipients, the Administration and Congress, as well as experts in food safety and nutrition. UEP truly appreciates the efforts of Poultry Programs and AMS leaders and the Food and Nutrition Service to develop these new outlets for spent light fowl meat.

The 110th Congress

The new 110th Congress will be sworn in on Thursday, January 04, 2007, and committee and subcommittee assignments are being completed. The UEP website will be updated to reflect new agriculture and agriculture appropriation committee/subcommittee assignments as they are announced. UEP members will receive an overview of the new Congress and anticipated impact on issues important to animal agriculture at the Board meeting later this month in Atlanta, Georgia.

USDA Confirms Egg Research and Promotion Regulations

The Agricultural Marketing Service (AMS) periodically reviews all research and promotion programs in accordance with criteria of the Regulatory Flexibility Act. These reviews are undertaken to determine whether the implementing regulations should be continued without change, amended, or rescinded to minimize the impacts on small entities. In the December 26, 2006, Federal Register (71 FR 77245), AMS summarized the results of its review, completed last year, of the Egg Research and Promotion Order and announced its determination that the Order should be continued without change. Currently, approximately 260 producers are covered under the Order.

Egg Industry Leaders Chosen for American Poultry Hall of Fame

This year the American Poultry Historical Society will admit five individuals into the American Poultry Hall of Fame on Jan. 24 at the International Poultry Expo in Atlanta. While all of the inductees are leaders in the U.S. poultry industry, three have had a major impact on the egg layer industry in United States –

Don Bell, a former extension advisor and specialist who worked at the University of California for 41 years and continues to perform extensive research on cage-layer management and egg marketing. Don compiles table egg layer flock projections and economic commentary for UEP.

Nelson Cox, who has worked at the U.S. Department of Agriculture, Agricultural Research Service, Russell Research Center in Athens, Georgia. Dr. Cox has contributed to research benefiting work with food borne pathogens.

Robert Harms, a former chair of the poultry science department at the University of Tennessee who developed the daily feeding concept for laying hens and has worked extensively on amino acid, vitamin and mineral requirements.

B-5

PX-81



United Egg

United Voices

Gene Gregory – Editor

HIGHLIGHTS OF THIS ISSUE

- * **USEM Takes Export Order**
- * **USEM Annual Meeting**
- * **Politics Is Local**

USEM Takes Export Order

After more than three years without an export, the 55 members of United States Egg Marketers (USEM) were able to negotiate and approve an export for delivery of 90 container loads (approximately 76,500 cases) between the dates of October 30th and November 10th. The export was taken at a price considerably better than domestic breaking stock prices in hopes that it would improve domestic prices.

For most of the U.S. egg industry, prices have been below the cost of production for nearly all months of the past two years.

Within one week after finalizing the export, domestic prices began to rise rapidly. Within a week Urner Barry's Large Carton quote had risen by more than 15 cents per dozen across all regions. Breaking stock prices rose by more than 10 cents per dozen.

Additional inquiries have come from other interested European buyers as the news spread that USEM members had eggs for sale.

USDA Administrative Law Judge Issues Decision Calling Into Question Use of Check-Off Funds for the National Air Emissions Monitoring Study

On October 24, 2006, a USDA Administrative Law Judge (ALJ) issued a decision that stops, pending appeal, the use of pork check-off funds for the conduct of the National Air Emissions Monitoring Study (NAEMS), which is being carried out in coordination with the EPA Air Consent Agreement. The ALJ decision deals with the pork specific matter and does not directly affect the use of egg check-off funds for the NAEMS. The ALJ decision involved a petition brought by a group representing several smaller pork producers to get USDA to overturn the AMS decision to allow use of pork check-off funds for the pork portion of the NAEMS study. The ALJ ruled that, while check-off funds could be used to fund such a study, it is improper to "purchase" legal protections under the Air Consent Agreement with check-off funds. The AMS and USDA Office of General Counsel are reviewing their options. The National Pork Board and the Agricultural Air Research Council believe that USDA will appeal this decision within the 30 days required by the ALJ, although no decision has been made. In the meantime, no further pork check-off funds will be expended to support NAEMS.

UNITED EGG PRODUCERS
1720 Windward Concourse
Suite 230
Alpharetta, GA 30005

Phone: (770) 360-9220
FAX: (770) 360-7058

info@unitedegg.com
<http://www.unitedegg.com>

Al Pope
President

Gene Gregory
Sr. Vice President

Chad Gregory
Vice President
Member Services

November 1, 2006

1

UEP Honors Roger Glasshoff



On behalf of the UEP egg producer members and UEA Further Egg Processor members, UEP recognized Roger Glasshoff of USDA-Agricultural Marketing Service during UEP's Annual Board Meeting & Executive Conference in San Antonio. A plaque identifying the well deserving reasons for this recognition was presented to Glasshoff.

While attending college at the University of Nebraska, Roger began his government career with AMS at the M.G. Waldbaum plant (now Michael Foods) in Wakefield, Nebraska. After several assignments

involving shell egg grading and egg products inspection, in 1983 Roger accepted a position in Washington, D.C. with the national office of the egg products inspection program. With the 1995 transfer of functions for the egg products inspection program to the USDA Food Safety & Inspection Service (FSIS), Roger transferred to FSIS and assumed duties as National Coordinator for Egg Products at the Technical Service Center in Omaha, Nebraska.

In May 2002, AMS was fortunate enough to convince Roger to return to DC as the National Supervisor of the Shell Egg Section where he administers the shell egg grading and shell egg surveillance programs. When he returned to AMS he had no idea that he would soon be asked to take over the UEP animal welfare-auditing program.

Gene Gregory in making the award presentation said: *"Without the leadership provided by Roger Glasshoff in creating a credible audit for the UEP Certified program we could never have achieved the respect of our customers and the egg industry worldwide".*

USEM Annual Meeting

The members of United States Egg Marketers (USEM) met in San Antonio on October 13th and at that time elected the following as officers for 2007: Larry Seger – Wabash Valley Produce (Chairman), Chuck Else – NuCal Foods (Vice Chairman), Roger Deffner – National Foods Corporation (Secretary), and Jim Brock – Crystal Farms (Treasurer).

Members elected to serve on the Executive/Export Committee were:

Dolph Baker (Cal-Maine Foods)	Jim Brock (Crystal Farms)
Gregg Clanton (ISE America)	Jim Dean (Center Fresh Farms)
Roger Deffner (National Foods)	Chuck Elste (NuCal Foods)
Jerry Kil (Moark LLC)	Wayne Mooney (Pilgrim's Pride)
Bob Pike (Braswell Eggs)	Larry Seger (Wabash Valley Produce)
David Thompson (Pearl Valley Eggs)	Derek Yancey (Morning Fresh Farms)

Politics Is Local

As we near the mid-term elections, we are reminded that many people believe that even national elections are decided upon local issues. Animal activist groups such as the Humane Society of the United States and Farm Sanctuary are demonstrating this to be the case in their missions.

Following up on the success of banning hog gestation crates in Florida, these two activist groups have spent lots of money in Arizona to convince voters to ban hog gestation crates in the up coming state election.

Two other examples is the HSUS supported city-wide ban on selling *foie gras* in Chicago and the recent resolution passed in Takoma Park, Maryland that *"opposes battery cage egg production and further encourages consumers not to purchase eggs produced by caged hens"*.

UEP is taking seriously the current and expected far more aggressive legislative attacks by the Humane Society of the United States. We believe their campaigns to ban cage egg production will soon result in legislation being introduced in Washington, D.C., state governments and local city governments. Randy Green in our Washington, D.C. office has taken on the leadership role of gathering factual information to be included in a package that can be made available to legislators in D.C. and state governments. Working with Randy on this important project will be Howard Magwire, Dr. Jeff Armstrong, Kevin Haley, Mitch Head and the UEP Atlanta staff.

Recently, activists were able to get Councilmember Jim Graham to introduce a bill in the District of Columbia that would require all DC retail stores to post a sign over the egg display saying **Eggs May Be From Caged Hens**. At the same time petitions were filed with FDA urging the agency to require all eggs from cage production to be labeled on the egg carton with the statement, **Eggs From Cages Hens**. To provide some balance to this issue, UEP was able to solicit support from the National Grocers Association, the Food Marketing Institute, and Dr. Jeff Armstrong. Each wrote a letter in opposition to these initiatives.

Welcome New Member

The UEA-Allied Association is pleased to welcome **ADM Alliance Nutrition** of Quincy, Illinois as a new member, joining the other 55 current members in support of UEP and egg industry projects.

USDA Reports

USDA reported that through week ending October 21st that egg breakers had broken 54,489,469 cases of shell eggs which was 773,229 fewer cases than at the same date a year ago.

USDA's October 27th weekly retail shell egg report of feature prices from 17,000 stores nationwide reported that USDA Grade A Large White Cage eggs were featured at 78 cents per dozen while cage-free Brown eggs were featured at \$1.99 and organic eggs at \$2.56.

USDA reported the October 1st layer inventory to be at 287.6 million hens. The flock size increased by 2.5 million hens during the past month according to USDA inventories.

Hard-Boiled Truth

The title is Compassion Over Killings newest advertising campaign. The advertising campaign is aimed at educating consumers about the painful realities of egg production. The ads now running in *Bust* and *Ms. Magazines* tries to expose the cruelties of battery cage production but also encourages readers to choose egg-free foods.

Feed Costs

It is certainly not news to those buying corn these days to say that corn prices have been rising very rapidly. Chicago corn prices rose 50 cents per bushel just within a two-week October period. Comparing the October 19th Chicago corn prices with the same date a year ago, we find that prices have risen by \$1.24 per bushel. Compared to a year ago, this represents an approximate increased feed cost of 5.5 cents per dozen.

Free Range

When speaking at the UEP Annual Board Meeting and Executive Conference, Andrew Joret of Dean Foods in the United Kingdom reported that the fastest growing segment of the U.K. egg market is free-range produced eggs.

So based upon the E.U. Directive that requires one acre of pasture for each 400 birds, how many acres would be needed in the United States to satisfy the current per capita egg consumption if all flocks were converted to free-range? The answer is approximately 725,000 acres and that doesn't even include the land to build a house for shelter. Housing to shelter the birds would require that a minimum of 1.2 square feet per bird within the house is provided. It gets even worse with Organic flocks. The U.K/EU Directive says that the maximum size flock for organic production is only 3,000 birds, if shelter is provided then 1.8 square feet per bird must be provided and only 400 birds per acre.

U.S. egg producers need to take notice and work to protect the cage layer business.

Forecasting Egg Prices

With all the variables in the egg industry, forecasting prices a year in advance is very difficult but we make an attempt each year with the help of some really bright people. Very soon we will again be publishing the 2007 monthly egg prices in the annual **Production Planning Calendar**. Believe it or not, thus far in 2006, our monthly forecast has been within 3 cents per dozen of the actual monthly average through 10 months. We have in fact been 3 cents below the actual quotes. Not bad.

2007 Committee Appointments

Within the next two weeks, UEP Chairman Dolph Baker is expected to announce the appointments of Committee Chairmen and Committee members for 2007. The appointments will be made to the following committees:

Government Relations – Price Discovery – Marketing – EggPAC – Environmental – Animal Welfare – Food Safety – Spent Hen – Public Relations

Any UEP member not appointed to a committee in 2006 and wanting to serve is invited to let the UEP staff know as soon as possible. The Chairman will make final decisions.

For Sale

34,000 cage-free Bovans Brown birds – 5 weeks old. Call Linda at the UEP-Iowa office at (563) 285-9100.

B-6
PX-102



United Voices

Gene Gregory – Editor

HIGHLIGHTS OF THIS ISSUE

- * **Supply Demand Alert**
- * **A.I. Workshop**
- * **Legislative Meeting**
- * **Activists Urged to Look for ACC Logo**

Supply/Demand Alert

Despite some weeks below the cost of production, shell egg producers enjoyed a profitable period for the first 15 weeks of 2006. In anticipation that shell egg prices would fall considerably after the Easter market, UEP's Marketing Committee met via conference call on March 31st and developed a **recommended plan of action**. Faced now with a national flock inventory of 291 million hens (the largest flock size ever) and entering a historically low demand period, it is the opinion of the Marketing Committee that prices will again be unprofitable following the Easter market period unless drastic changes are made very quickly. In this newsletter we have been trying to alert UEP members to the historically low demand/low price months and urging each member to look for ways in which they can protect their company. The Marketing Committee has made the following recommendations:

1. **Dispose of flocks six (6) weeks earlier than previously scheduled.**
2. **Molt flocks six (6) weeks earlier than previously scheduled.**

To demonstrate how quickly the market can decline, we only have to point to the fact that the Uner Barry price for Large eggs dropped 15 cents per dozen in the first three days of this week (the week of Easter). Have you considered that one day's production from a million-bird complex at a 15-cent market value decline is worth about \$9,000.00 per day lost income? Isn't a flock adjustment (supply reduction) worth considering?

Prior to the Marketing Committee's recommendations, a rather large egg producer (ownership of approximately 14 million layers) reported their company was implementing the following plan of action: **Effective the week of April 3rd, we began disposal of all our flocks 4 weeks earlier than previously scheduled and initiated molts 4 weeks earlier than previously scheduled.**

While it may be considered a small item in the big picture, it is interesting to note that 176,275 less cases of shell eggs have been exported to Canada through week ending April 1, when compared to a year ago. We don't need any type of demand decline with a flock size of 291 million hens.

UNITED EGG PRODUCERS
1720 Windward Concourse
Suite 230
Alpharetta, GA 30005

Phone: (770) 360-9220
FAX: (770) 360-7058

info@unitedegg.com
<http://www.unitedegg.com>

UEP To Host An Avian Influenza Preparedness Workshop

In cooperation with the USDA Animal & Plant Health Inspection Service (APHIS), UEP will conduct a workshop for the purpose of educating and preparing the industry for the potential of a High-Path H5N1 "Bird Flu" outbreak. The event will take place at the Atlanta Hilton Airport Hotel in Atlanta, Georgia on June 14 & 15. Announcements and registration forms are being mailed to the industry. UEP members and their management staff along with state poultry executives and regulatory officials are invited. We are hopeful that those responsible for production, food safety, and farm security will find the time to attend this very important event.

Legislative Board Meeting

UEP's Legislative Meeting will take place at the Loews L'Enfant Plaza Hotel in Washington, D.C. on May 15 – 17. In addition to the Board and committee meetings, visits will be made to Congressional offices at which time industry issue papers will be presented along with the traditional delivery of two (2) dozen eggs. The meeting will conclude at noon on May 17th with the annual Omelet Luncheon, which in the past has generated an attendance of 600 – 700 Congressmen and their staffs.

Unfortunately, the hotel cut-off date is April 14th. Our rooming list must be turned in and the rest of our block of rooms will be released. After this date, we cannot guarantee that we will be able to get you a sleeping room. So if you have not sent in your registration, please do so today or call Linda Reickard at (563) 285-9100 for help.

HSUS Under Investigation

The Louisiana Attorney General Charles C. Foti, has announced that his office opened an inquiry into allegations involving funds raised for pet/owner reunions by the Humane Society of the United States (HSUS). The Attorney General's office is asking the HSUS for an accounting of all funds HSUS raised for the purpose of pet rescue and reunion with pet owners in the aftermath of Hurricanes Katrina and Rita. The Attorney General is asking anyone with information about questionable fundraising activities by animal groups to call (800) 351-4889 or visit the website www.ag.state.la.us.

Source: Animal Agricultural Alliance

Delaware Senate Bill

In January 2006, Delaware State Senator Karen Peterson introduced a bill which would require that cage laying hens have sufficient living space to allow each hen to fully extend all limbs without touching the sides of the living space. Activists such as the Humane Society of the United States and the United Poultry Concerns were actively involved in lobbying for the legislation.

While full details are not available as yet, the UEP office did receive the following good news:

"The bill was heard in the Delaware Senate Committee on April 12th and none of the members voted to release it, which under normal circumstances means it is dead".

Major Issues Face The Egg Industry

Sometimes you wonder if the industry has ever faced such important and costly issues as today. Here is a reminder of just a few of the challenges.

1. Threat that the Asian Bird Flu may be found in the U.S. and the impact this might have upon consumer confidence in their egg purchases.
 2. Animal activists becoming more and more aggressive in their attack upon the cage-layer business.
 3. Environmental issues of the Clean Water and Air Acts.
 4. Longer and more frequent periods of unprofitable egg prices.
-

UEP Certified Takes Its P.R. Campaign To Colleges

The UEP Certified program is extending its public relations campaign to colleges and universities nationwide, which are being targeted by the Humane Society of the United States to only provide non-cage eggs.

Recently, Clint Hickman of Hickman's Egg Ranch joined Scientific Advisory Committee member Dr. Patricia Hester, professor of animal science at Purdue University, Gene Gregory of UEP, and Mitch Head and Diane Storey of UEP's P.R. agency Golin Harris at the Southern Region conference of the National Association of College and University Foodservice (NACUFS). The UEP team presented an hour-long program on the science behind the UEP Certified guidelines; the history of the program; current production practices; and the motivations of the animal activist groups. The UEP team displayed a cage exhibit developed in conjunction with Salmat Poultry Company, which illustrated the benefits of the cage production system.

The conference drew foodservice directors from institutions such as the University of Georgia, Vanderbilt, Texas A & M, University of California, University of New Mexico and many others. UEP staff and Golin Harris have worked closely with many other universities that have been targeted by the activists, including the University of Arizona which switched to non-cage eggs for two weeks before switching back; the university of Minnesota which rejected a non-cage recommendation from some students; the University of Notre Dame which researched and rejected a non-cage proposal; and several other universities which are offering non-cage eggs on a limited basis in a few dining halls as a trial.

UEP Certified AD Campaign Begins

An advertising campaign promoting the benefits of "United Egg Producers Certified" eggs began running this month in publications read by retail grocery and foodservice executives. The ads will run through September in publications such as *Supermarket News*, *Progressive Grocer*, *Grocery Headquarters*, *FMI Daily Lead*, *Nation's Restaurant News*, *Foodservice Director* and *Food Management*. A copy of the ad is included with this newsletter as an insert.

H5N1 Bird Flu Found in the UK

The United Kingdom's first case of the H5N1 strain of the Avian Influenza was recently discovered in a swan found dead in a seaside village in Scotland. The UK became the 13th nation in the European Union to face the threat of the most serious strain of the avian influenza.

The former president of the British Veterinary Association suggested that poultry keepers should find ways to move their birds indoors. Of the reported 28 million laying hens in the UK, about 27% are reported to be in free-range systems.

Activist Groups Urges Members to Look For The Old ACC Logo

Compassion Over Killing has wrongly stated that they forced the Federal Trade Commission to rule against the "Animal Care Certified" logo. COK's newsletter declares victory and urges their members to look for the old logo in the retail market. If any cartons displaying the logo are found, then COK members are urged to notify the COK office immediately.

In their campaign to disparage and hopefully eliminate cage-egg production, COK has also launched a new website, www.eggindustry.com.

Egg Products

While the total eggs produced in 2005 only exceeded the previous year by less than 1%, the eggs used for breaking increased by more than 6%.

USDA reports that through week ending April 8, 2006 the breaking industry has broken only 35,893 more cases thus far this year than last year at the same date. Of the eggs broken thus far this year, approximately 47% have been from in-line production/breaking facilities.

USDA reported that as of February 28, 2006 the inventory of all classes of dried egg product exceeded last year's level of the same date by 38%.

Don Bell's Egg Price Forecast

Don Bell's latest forecast for Midwest Large egg prices is: May (62.9) June (67.4) July (68.8) August (69.6) September (71.1) October 71.1) November (83.6) December (82.1).

Can the industry be profitable during the low demand period of May through August?

PETA is Censured

The Advertising Standards Authority (ASA), an independent advertising watchdog in the United Kingdom, announced that it has censured PETA for a mailed fundraising appeal that included the claim that physiological differences between humans and animals meant that animal experiments are cruel and unreliable. The ASA said the PETA mailing breached advertising codes for substantiation, truthfulness and "denigration and unfair advantage".

Source: AMP News Service Digest

National Poultry Museum

The National Poultry Museum is looking for "rare historical poultry items". Anyone that may have such items and willing to share items for display with the museum is invited to send them to: National Poultry Museum - 630 Hall of Fame Drive - Bonners Springs, Kansas 66012. You may also want to call them at (913) 721-1075. They also need financial help and encourage anyone to make a tax-deductible contribution.

B-7

PX-279

From: Patricia Huff [unitedvoiceslist@unitedegg.com]
Sent: Friday, February 16, 2007 7:48 AM
To: Greg Hinton
Subject: UEP Newsletter
Attachments: united_voices_current.pdf

Attached is the latest copy of the United Voices newsletter.

Patricia Huff
United Egg Producers
770-360-9220

---- If no longer want to receive this newsletter please send a email to:
patricia@unitedegg.com and state that you want your email removed.-----



United Voices

Gene Gregory – Editor

UEP

HIGHLIGHTS OF THIS ISSUE

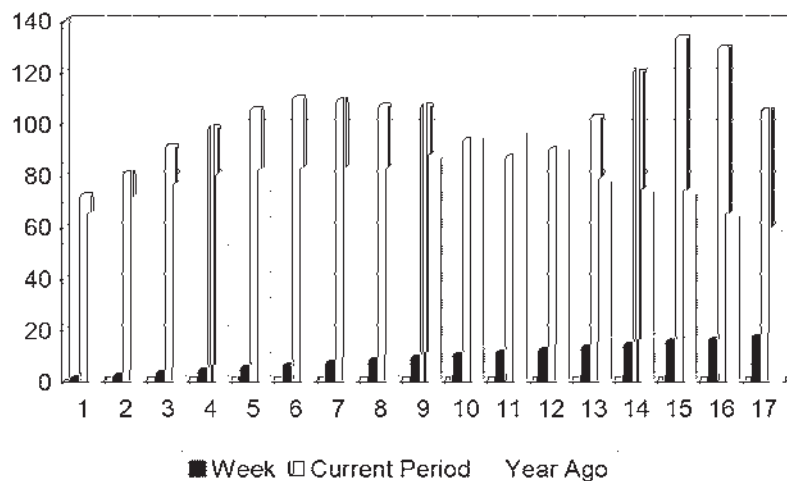
- * **Export**
- * **Environment
Consultant**
- * **Largest
Producers**

USEM Takes Another Export

The members of United States Egg Marketers (USEM) have once again approved an export of 300 containers (approximately 243,750 cases) for delivery beginning mid-February through March 9th to Germany, Israel, Italy, Japan, and the United Kingdom.

Since mid-October the USEM members have now approved three exports for a total of 690 containers (approximately 566,850 cases). Considering the fact the nation's layer flock inventory was virtually the same during the period of October through February of each year, we must conclude that these exports have had a major positive impact upon shell egg prices and the financial conditions of shell egg producer/marketers. Likewise, the exports have improved, to a lesser degree, breaker stock prices and have benefited those producers selling eggs based upon the Umer Barry breaking stock quote.

During a 17 week period of October 15th through February 9th Umer Barry's Midwest Large quote averaged \$102.5 compared to 78.6 cents per dozen during the same period a year earlier - 23.9 cents per dozen improvement. During the same period breaking stock prices improved by 9.2 cents per dozen.



UNITED EGG PRODUCERS
1720 Windward Concourse
Suite 230
Alpharetta, GA 30005

Phone: (770) 360-9220
FAX: (770) 360-7058

<http://www.unitedegg.com>

What did it cost the USEM members to fill these exports? The October export cost each member 45.2 cents per dozen and the January export cost each member 64.9 cents per dozen for an average of the two exports being 59.4 cents per dozen. Some members pack and deliver their own eggs and incur a loss for the difference between the export sale price and what their eggs would have been worth in the domestic market. Other members

February 14, 2007

1

request that UEP purchase their committed share in the open market and are then invoiced for the difference between the export sale price and the cost of eggs purchased. Each member with one (1) million layers incurred an export loss of about \$47,000.00 for the past two exports.

What were the benefits? With an improved price of 23.9 cents per dozen, a producer with one (1) million hens realized an approximately increased revenue of the \$1,740,000.00 over a 17-week period. The \$47,000.00 investment provided a major return. Keep in mind this is increased revenue and not profits.

What will be the benefits of the most recently announced export for delivery in February and March? It is anyone's guess but keep in mind that Urner Barry's Midwest Large quote was 72 cents when the October export was announced and prices rose to \$1.10. Prices were at 93 cents when the January export was taken and rose to \$1.33. The average gain of both exports was 39 cents per dozen.

USEM members represent only about 140 million hens. USEM is pleased to welcome new members – Mussman's Back Acres of Grant Park, Illinois and Larry Thomason Egg Farm of Calhoun, Georgia and acknowledges the commitment and support of Wilcox Farms of Roy, Washington and Willamette Egg Farm of Canby, Oregon. We estimate there are at least 200 million hens that produce for the shell egg market. Not only have USEM members benefited from the exports, but also, so have all other shell egg markets.

We recognize and appreciate that some producers have cost-plus deals and these arrangements provide long-term benefits. These producers, however, did not see the value of their egg sales increase during the period of these exports. We also recognize that many egg breakers and egg product companies did not benefit and in fact may have paid higher prices for eggs to fill orders at pre-arranged pricing with their customers.

Now there will be those that say I've given too much credit to the exports improving price. So let's give some credit to higher consumer demand, weather problems, and increased flock molt. Regardless, we must conclude that USEM members made a major financial investment and contributed to a more profitable industry for most all shell egg producers.

While we calculate the increased revenue, we must not lose sight of the increasing cost of feed grains. Your retail and foodservice customers need to know that ethanol is driving prices of corn for animal feed to record levels. We estimate that feed costs are approximately 10 to 11 cents per dozen higher than a year ago. Depending upon the amount of marketing allowance you are providing customers, we estimate the Urner Barry Large quote may need to be from 90 to 95 cents per dozen to breakeven.

California Court Rules on Sow Gestation Crates

A California District Court of Appeals rejected a case involving swine gestation stalls filed by Farm Sanctuary against the state's largest pig farmer. The judge dismiss the case citing Proposition 64, which bans private parties from bringing lawsuits against a business unless they were harmed personally and financially by the alleged misconduct. Farm Sanctuary plans to appeal the case to the California Supreme Court.

Source: Feedstuffs

UEP Environment Consultant Changes Firms

Tom Hebert, UEP's consultant on environmental matters in Washington, D.C. has moved his government affairs practice to the Federalist Group, another prominent federal lobby shop effective February 12, 2007. Tom reports that the decision to leave C&M Capitolink, with its affiliation with Crowell & Moring, was the most difficult he has had to make in his professional career. But the Federalist Group represents significant new opportunities for him and he is very excited about this change. UEP is pleased to report that despite this change Tom will continue to be UEP's DC government affairs consultant on environmental and regulatory matters, and that should the need

February 14, 2007

2

arise he will continue to support our work with Crowell & Moring and the good people at Capitolink. Please join us in wishing Tom well in his new home. UEP looks forward to growing our successful relationship with him, and to his and the Federalist Group's contributions to the egg industry's well being. Tom can be reached at (202) 842-5077, or thebert@federalistgroup.com.

Welcome New Members

UEP is pleased to welcome the membership of Ed Olivera of Olivera Egg Ranch in San Jose, CA. and the UEA-Allied division is pleased to welcome the return of Coast Packaging Co. of Mira Loma, CA.

Humane Education

A rather interesting Bill has been introduced in the state of Connecticut and referred to the committee on environment. Among the directives, the Bill says that the State Board of Education shall make available curriculum materials to teach the principles of humane education, including the importance of character traits such as compassion, kindness and empathy and the humane respectful treatment of other people, **animals and the environment**, and such principles shall be developed by local and regional boards of education in consultation with, as needed, the Commissioner of Agriculture, the Commissioner of Education and representatives of the state farm industry, **animal welfare organizations**, and humane education organizations.

Industry's Largest Producers

Egg Industry magazine annually provides a list of the nation's largest egg producers and it is always interesting to compare the current list with those of past years. The most recent listing represents 63 companies owning one (1) million or more layers and represents approximately 87% of all the nation's egg-type layers. In 1996 there were 53 companies owning about 68% of all layers and in 1986 there were 53 companies owning 52% of all the nation's layers. Shown below is a ranking of the largest producers by year.

<u>Company</u>	<u>2006</u>	<u>1996</u>	<u>1986</u>
Cal-Maine Foods	1	1	4
Rose Acre Farms	2	3	2
Moark, LLC	3	not listed	14
Michael Foods Egg Products	4	2	6
Sparboe Summit Farms	5	15	47
DeCoster Egg Farms	6	4	7
Golden Oval Eggs	7	not listed	not listed
Ohio Fresh Eggs	8	7	5
ISE America	9	6	3
Dutchland Farms (Wenger)	10	not listed	not listed
Daybreak Foods	11	not listed	not listed
Fort Recovery Equity	12	5	not listed
Midwest Poultry Services	13	10	8
Fremont Farms of IA.	14	not listed	not listed
Rembrandt Enterprises	15	not listed	not listed

While we always attribute size to efficiency, it is interesting to consider some of the names of 1986 that can't be found among the 2006 list. Respected companies in 1986 included: Cargill – Gold Kist – Dairy Fresh – Eggs West – Hudson Foods – Sunnyside Eggs – Egg City – Country Skillet – Cypress Foods – American Agrivest – Pennfield Farms – Bronson Farms – Savannah Valley Egg – Sun Valley Farms – Yeager & Sullivan – Embly Ranch – and Nest Fresh.

Long Range Planning

UEP's Long Range Planning Committee, chaired by Roger Deffner will meet in Salt Lake City, Utah on February 27th. Ideas for discussion have been solicited from committee chairmen for food safety, environment, animal welfare, government relations, etc. and will be on the agenda.

Animal Rights Push of Farm Bill Worries Livestock Producers

Agriculture columnist Philip Brasher says livestock producers are watching nervously as animal welfare groups push to use the new farm bill to stop practices they consider inhumane. Brasher says the increased size and influence of the Humane Society of the United States (HSUS) since the last farm bill was written, along with the Democratic takeover of Congress and the defeat of several of the livestock's industry's staunchest allies have been behind the change. Brasher says animal welfare forces have already shown their clout on some issues and concludes that some farmers may rue the day that Congress passes the farm bill.

Source: Des Moines Register

Donations to Animal Activists

The December 2006 issue of *Animal People* revealed that the Humane Society of the United States (HSUS), the largest animal activist group, increased donations by a striking 62% in 2005. Additionally, HSUS' net assets increased 80% during the year, to over \$200 million.

Source: Animal Agriculture Alliance

Federal Budget

The *Kiplinger Letter* provided line item expenditures of President Bush's FY 2008 budget including the cost of the war in Afghanistan and Iraq. Interesting to note that Social Security, Medicare, Medicaid, and food stamps make up 42.7% of the budget. Defense and homeland security accounted for 22.3%.

Consumers Need To Be Educated About Farming

David Miliband, secretary of state for the Environment, Food & Rural Affairs (DEFRA) in the United Kingdom says consumers will want more information about how their food is produced and where it comes from, and farming will need to reconnect with consumers. As a beginning, Miliband has launched "A Year of Food & Farming", which will be a continuing effort to educate young people in primary and secondary schools about how food is produced and the impact of food on the environment and health.

Editors note: For some time I've been saying that we need to advertise to consumers about the way we produce eggs. We should be proud to tell consumers the reasons why we produce eggs in cages. We should not allow animal activists to be the voice of agriculture.

For Sale

28,000 Phillips plastic flats in excellent condition. Call Linda at the UEP-Iowa office (563) 285-9100.

QUALITY SCHOOL LOCATION 3, PENNSYLVANIA 21 - 24, 2007 type or print

applicant _____

on or business connection _____

address _____

ite, and zip code _____

Tax # _____

itation and meals:

April 1 \$475

11 \$575

egg Quality School

ite Egg Board

y Byers

iversity

ence Building

ette, IN 47907

ompanied by check for tuition and

onal Egg Quality School or

sa/Mastercard/Discover/AmEx

Signature _____

LINE: APRIL 27, 2007

ged per person by the Radisson

vention Center, Camp Hill

00 per night single or double

ible Accommodations

ible Accommodations

person with whom I desire to

ing _____ Smoking

GENERAL INFORMATION

COURSE

We are pleased to present the fourteenth National Egg Quality School to be held May 21-24, 2007, at the Radisson Penn Harris Hotel & Convention Center in Harrisburg, PA.

The National Egg Quality School continues the tradition of a curriculum that is designed for the serious-minded student who is willing to learn as much as possible about egg quality in a concentrated, comprehensive four days. The National Environmental Health Association awards up to 25 contact hours of continuing education credit for successful completion of this course. Lectures combined with individualized instruction and "hands on" laboratory experience has proven to be a successful technique in preparing students to be a more knowledgeable egg emissary.

The class will be divided into sections of five students, each with an instructor who will work with their section throughout the course reviewing and explaining lecture material, answering questions, instructing them in the laboratory and preparing students for the exam.

LEADERSHIP

The school is administered through a Board of Directors elected by egg industry stakeholders with support and leadership provided by the following organizations: American Egg Board, Arizona Department of Agriculture, Arkansas Livestock & Poultry Commission, Egg Nutrition Center, Egg Safety Center, Indiana State Egg Board, Iowa State University, Maryland Department of Agriculture, National Egg Regulatory Officials, North Carolina Department of Agriculture & Consumer Services, North Carolina State University, Pennsylvania Department of Agriculture, Pennsylvania State University, South Carolina Department of Agriculture, United States Department of Agriculture, University of Arkansas, University of Kentucky, and Virginia Department of Agriculture & Consumer Services.

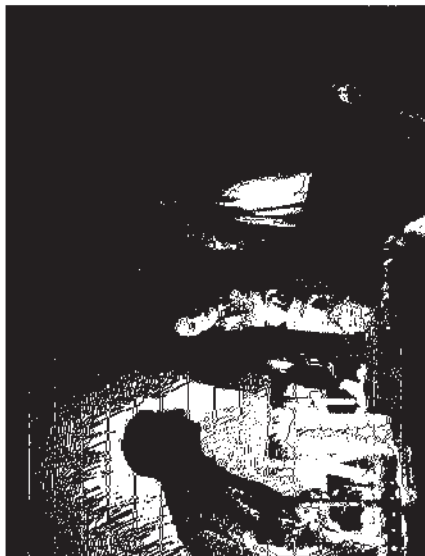
The instruction staff includes leading university scientists, experienced state and federal regulatory officials, and seasoned industry organization representatives. Dr. Susan Watkins, Extension Poultry Specialist at University of Arkansas is Director of the school.

SPONSORSHIP

American Egg Board, Creighton Brothers, Dolco (Tekni-Plex), Midwest Poultry, Rose Acre Farms and Wabash Valley have generously provided donations during 2006 to further the educational opportunities offered by the school.

MISCELLANEOUS INFORMATION

Dress for the school is casual. Course materials will be distributed during registration at 8:30 a.m. on Monday, May 21, 2007. Section assignments will be located in these materials.



"The National Egg Quality School was one of the most interesting, educational and fun sessions that I have ever had the pleasure to attend. The speakers were dynamic, the "hands-on" laboratory time invaluable and the material very comprehensive. If you're in the egg industry, you can't miss this session."

John Mehlic, Purchasing Manager
Moark Egg Corporation



ACCOMMODATIONS (Payable individually)

The Radisson Penn Harris Hotel & 1150 Camp Hill Bypass, Camp Hill, PA 17011. Room rate of \$75.00 per night single or double, plus tax and breakfast.

Transportation:
Complimentary airport shuttle service will be provided.

Room reservations should be made with the Indiana State Egg Board.

TUITION AND MEALS

The tuition is \$475 prior to April 1, 2007. This fee includes all breakfasts, meal functions. Group meal functions are available for groups of 10 or more. Monday, lunch and dinner on Tuesday, Wednesday, and coffee breaks. You will receive information for tuition and meals in your application.

HOW TO ENROLL

Complete the Application form and clip and mail with your check for tuition to:

National Egg Quality School
Indiana State Egg Board
Attn: Candy Byers
Purdue University, Poultry Science
West Lafayette IN 47907
Telephone: (765) 494-8388
Fax: (765) 494-6349
Web: <http://www.eggschool.org>
e-mail: cbyers@purdue.edu

Apply early to ensure acceptance. 100 students and applications will be accepted. All applications will be acknowledged. **Refunded if a notice of withdrawal is received by May 28, 2007.** After that date, fees will be non-refundable.

UPON ACCEPTANCE

When your application for admission is accepted, you will be notified via a confirmation letter. Please provide the information to help you plan for the National Egg Quality School by providing your contact information for pleasant learning experience.

CERTIFICATES

Certificates of Proficiency will be awarded to students who attend all sessions and pass the examination on Thursday. Students who do not take the exam on Thursday will not receive a Certificate of Attendance.

GENDA
day May 21

Registration
Orientation and Introductions
LECTURE I "The Nutritious Eggs"
McNamara, Egg Nutrition Center
TURE II "Formation of the Egg"
Pescatore, University of Kentucky
BREAK
LECTURE III
of the Commercial Egg Industry"
Watkins, University of Arkansas
BUZZ SESSION
LUNCH
LECTURE IV
The Importance of Water Quality"
Watkins, University of Arkansas
LECTURE V
Important Merchandizing Tool
"How to Conserve Quality"
Watkins, North Carolina State University
BUZZ SESSION
LECTURE VI
"Exterior Egg Quality Factors"
Ben Cockfield, USDA/AMS
BREAK
LABORATORY I
erior Egg Quality Determination"
r. MD Department of Agriculture
rginia Department of Agriculture
LECTURE VII
"Being Positive About Eggs"
McNamara, Egg Nutrition Center
SION AND GENERAL REVIEW
Dinner - On Your Own

day May 22

LECTURE VIII
n Nutrition Impacts Egg Quality"
l Patterson, Penn State University
RE IX "Reducing Shell Damage"
l, North Carolina State University
BREAK
CTURE X "Interior Egg Quality"
Ben Cockfield, USDA/AMS
LABORATORY II
"Interior Quality Determination"
r. MD Department of Agriculture
rginia Department of Agriculture
BUZZ SESSION
URE XI "Basics of Microbiology"
Dr. Mike Musgrove, USDA/ARS
Make Your Own Omelet Lunch
melet King, American Egg Board

1:10 am LECTURE XII "Animal Welfare Update"
Dr. Tony Pescatore, University of Kentucky
LECTURE XIII
"The Animal Welfare Audits and Shell Egg Plant
Systems Audit"
Roger Glashoff, USDA/AMS
BUZZ SESSION
LECTURE XIV
"Designing a Quality Assurance & Food Safety Program"
Dr. Hillary Shallo Thesmar, Egg Safety Center
BREAK
3:10 pm LECTURE XV
3:30 pm "Egg Processing Plant Sanitation"
Dr. Mike Musgrove, USDA/ARS
LECTURE XVI "Introduction to HACCP"
Dr. Deana Jones, USDA/ARS
BUZZ SESSION AND GENERAL REVIEW
DINNER- Egg Handler's Romp

Wednesday May 23

8:00 am LECTURE XVII
"Infectious Diseases and Egg Quality:
Infectious Bronchitis Model"
Dr. Darrell Trampel, Iowa State University
LECTURE XVIII "Update on Disease Issues"
Dr. Darrell Trampel, Iowa State University
LECTURE XIX
"Federal and State Labeling Requirements"
"Specialty and Designer Eggs"
Dr. Hillary Shallo Thesmar, Egg Safety Center
BREAK
9:55 am LECTURE XX
10:15 am "Bringing Eggs and Food Borne Disease into Perspective"
Dr. Mike Musgrove, USDA/ARS
BUZZ SESSION
LECTURE XXI "Measuring Haugh Units"
Dr. Deana Jones, USDA/ARS
LECTURE XXII "Food Security Program"
Dr. Hillary Shallo Thesmar, Egg Safety Center
LUNCH
12:00 noon LECTURE XXIII
1:20 pm "Combining All Quality Factors Into Grades"
Ben Cockfield, USDA/AMS
LABORATORY III
"Combining All Quality Factors Into Grades"
Jim Greer, MD Department of Agriculture
LECTURE XXIV
"EPIA and Voluntary Grading Programs"
Ben Cockfield, USDA/AMS
GROUP PICTURE AND BREAK
LECTURE XXVI
"Answering Your Consumer's Questions"
Dr. Deana Jones, USDA/ARS
LECTURE XXVII
"Promoting the Incredible Egg"
Elisa Maloberti, American Egg Board

4:45 pm BUZZ SESSION AND GENERAL REVIEW
Session Over- Dinner on Your Own
REVIEW SESSION
Laboratory available for Section Study and
Faculty Consultation

Thursday May 24

8:00 am WRITTEN AND PRACTICAL EXAM
12:00 NOON SCHOOL ENDS

*"The Egg Quality School is a good program for
egg companies such as ours. It is good for new
employees as well as a good refresher for
long-time employees."*

Fred Adams, Chairman of the Board,
Cal-Maine Foods

*"If your business is grading eggs, sales and
distribution or food preparation, then the Egg
Quality School is one of the best investments of
time and money you could make for yourself or
any employee."*

Ronald Swafford, General Manager,
Shelled Egg Quality Control, Rose Acre Farms



May 21-24
**Radisson Penn
Hotel & Convention
Harrisburg**

REDACTED

REDACTED

B-8

PX-355



United Voices

Gene Gregory – Editor

HIGHLIGHTS OF THIS ISSUE

- * **Value Of A
Timely Export**
- * **Feed Ingredient
Costs**
- * **UEP Economic
Summit**

Value Of A Timely Export

The members of United States Egg Marketers (USEM) voted on October 20th to approve an export for delivery of 90 container loads (76,500 cases) of shell eggs. On that date, the Umer Barry Midwest Large quote was 74 cents and the mid-range Central Breaking Stock quote was 29 cents. The export was taken at an approximate price of 38 cents per dozen and therefore considerably above farm prices on the date of the sale.

The market began to react to the export by October 24th when USEM began to supply or purchase eggs to fill the export. By November 15th the Midwest Large quote had risen to \$1.05 cents per dozen and the quotes for other regions had moved to even higher levels. This was the first time that Umer Barry's quote has been above \$1.00 since March 2004.

The one-day value on November 15th for a producer with 1 million hens was more than \$18,000.00 over the one-day value on October 20th. Over the 18 market reporting days since the export was taken the Midwest price averaged 88.2 cents per dozen and on average 14.2 cents per day over the market quote of October 20th. During the 26-production day period a producer with a million hens would have recognized improved revenues of more than \$220,000.00. Multiplied by the approximate 200 million hens needed to fill the shell egg markets, this would have returned shell egg producers \$44 million. Not only has the shell egg producers benefited. Those producing and selling shell eggs to egg breakers at deals based upon the Breaking Stock quote have also received a major benefit as the quote for these eggs has moved up 16 cents per dozen.

Unfortunately only the USEM members representing approximately 112 million layers have covered the cost of this export. Each member was required to sell their eggs at a price in relation to the export sale price or purchase their committed share in the open market and then cover the cost of the difference between the sale price and the price being paid in the open market. For the benefit of everyone, these USEM members have paid a heavy cost. While they will also benefit from the market rise, they will have costs associated with it that other producers will not have.

We would like to acknowledge and extend our thanks to the following USEM members and encourage those that are not members to express their thanks as well:

UNITED EGG PRODUCERS
1720 Windward Concourse
Suite 230
Alpharetta, GA 30005

Phone: (770) 360-9220
FAX: (770) 360-7058

info@unitedegg.com
<http://www.unitedegg.com>

Al Pope
President

Gene Gregory
Sr. Vice President

Chad Gregory
Vice President
Member Services

Active Feed Co.
Baer Bros.
Braswell Milling
Caldwell Foods

ISE-America
ISE- Newberry
James Farms
Kofkoff Egg Farm

S & R Egg Farm
Shepherd & Sons Poultry
Simpson's Egg Farm
Roy Smith Farm

November 17, 2006

1

Cal-Maine Foods
Country Charm Egg Dist.
Crystal Farms
Dakota Layers
Dooyema & Sons
Dynes Farms
English River Pellets
Fassio Egg Farms
Gemperle Enterprises
Glenwood Foods
Hamilton Farm Bureau
Herbruck's Poultry Ranch
Hertzfeld Poultry Farms
Hillside Poultry Co.
Hoyleton Feed Store

Kreher's Poultry Farm
Lathem Farms
Mahard Egg Farm
Maxim Production
Midwest Poultry Serv.
Moark Productions
Morning Fresh Farms
National Food Corp.
Norco
North Alabama Egg Co.
NuCal Foods
Oakdell Farms
Pearl Valley Eggs
Pilgrim's Pride
Rigtrup Poultry

Southern New England Egg
Sperry Farms
Sunrise Acres
Sunrise Farms (CA)
Tampa Farm Service
United Egg Marketing Corp.
Valley Fresh (Rainbow Farm)
Wabash Valley Produce
Weiss Lake Egg Co.
J.S. West Milling
Wilcox Farms
Zephyr Egg Co.

USEM membership is available to any egg producer that meets the Capper-Volstead cooperative qualifications. We would encourage those that are not members to discuss their interest with the UEP staff.

Feed Ingredient Costs

Cash grain prices reported for November 1st were approximately \$1.50 per bushel higher for corn and \$27.00 per ton for soybean meal than it was on the same day a year ago. This relates to an approximate increased cost to produce a dozen eggs of 8 cents per dozen.

While egg producers enjoy good egg prices resulting from the recent export, they need to be very concerned about the prospects that egg prices could return to the pre-export prices after the Christmas holiday market. With an expected flock size on January 1 being approximately 5 million larger than a year ago, producers need to evaluate their market demands very quickly and begin to make adjustments. Egg prices prior to the export were below the costs of production. With an increasing feed cost, economic conditions could get even worse if the industry doesn't pay attention to supply-demand.

Foodmarket News asked, why has the cost of corn run up so much in the last six weeks? After seeking opinions from industry representatives of animal agricultural groups, they concluded by saying that the industries point to the increase in corn usage for the ethanol boom. At last count, there were 105 U.S. ethanol plants with approximately 40 more under construction and another 50 to 75 planned. Each plant that comes online boosts the demand for corn by about 37 million bushels per year.

USDA Secretary Mike Johanns downplays the effect of ethanol demand on corn and said that it looks like U.S. farmers will be able to meet expected increases in corn demand while also keeping up with food and livestock feed requirements. The Secretary said that any fear that the Bush administration has plans to kick acreage out of its Conservation Reserve Program to boost corn production are baseless for now. Johanns said there are 4 to 7 million acres idled in the CRP that are viable for corn production, but he also stressed that U.S. corn production is at near-record levels, and new technology will continue to boost yields.

UEP will soon publish their annual production planning calendar for 2007 and in doing so will forecast the Midwest Large egg price to be approximately 8 cents per dozen over the actual annual average price for 2006. The forecasted improved price comes primarily from an anticipated flock reduction by UEP Certified animal welfare companies and increased feed costs. Considering that 2006 annual average price will likely be below the cost of production, the forecasted increased egg prices and anticipated increased feed ingredient costs are likely to offset one another and potentially give the industry another unprofitable year.

UEP Economic Summit

When meeting at UEP's Annual Meeting in San Antonio the Board of Directors directed staff to invite representatives from the United Potato Growers to a January meeting of UEP members. The date of January 23rd and time of 8:30 AM till Noon has been scheduled to conduct an **Economic Summit**. **This session of UEP's January meeting will be closed to UEP members only.**

Jerry Wright, CEO and attorney Randon Wilson from the United Potato Growers have confirmed that they will attend and make a presentation of how potato growers have suffered through the years of profitable and unprofitable times very similar to those of egg producers. To address this problem, potato growers have found a way to manage supply through the creation of the United Potato Growers Cooperative formed in March 2005. Wright and Wilson will explain how the supply management program works and the benefits.

Quotes from the September 26th *Wall Street Journal* article about the potato industry sounds very familiar to the egg industry including the following:

"In past years, potato farmers were all too willing to take a loss on sales if it meant increasing their market share."
"It's one good year, then four or five bad years". "It had become a last-man standing mentality".

Political Win For The Activists

Animal activists, HSUS and Farm Sanctuary were successful in convincing Arizona voters to legislate, through a referendum, the ban of hog gestation and veal crates in the state. Proposition 204 was approved by 61.5% of the voters. The state's only commercial hog farmer must decide by December 31, 2012 whether he will continue his hog business without using gestation crates or close down his business. The following quote can be found on the HSUS website: "Arizona voters stood up to *factory farming lobby groups* and affirmed that farm animals should have basic protections such as being able to turn around and extend their limbs," said Wayne Pacelle, HSUS President and CEO. "The overwhelming passage of Proposition 204 will not only help thousands of animals in Arizona, but will also send a message to factory farming operations across the country that they must end the most abusive practices."

HSUS was also successful in defeating Congressman Richard Pombo from California. HSUS's CEO Wayne Pacelle personally waged a door-to-door campaign against Congressman Pombo and HSUS spent more than \$100,000.00 on radio ads and \$50,000.00 in mailings accusing the Congressman of blocking legislation to promote the HSUS animal rights agenda. Pombo was a good friend of the egg industry.

HSUS has formed the Humane Society Legislative Fund. This confirms that HSUS is becoming more politically active and will be pushing their legislative agenda. With a membership of more than 10 million and annual revenues of \$125 million they will find willing legislators to introduce legislation against animal agriculture farmers. Remember that HSUS's long-term goal is the elimination of animal agriculture.

Score One For Animal Agriculture

The Animal Enterprise Terrorism Act has now passed both the Senate and House and is on its way to the President for his signature.

The AETA amends the federal criminal code to deal with increased radical animal rights and eco-terrorist violence and intimidation. It provides additional authority to federal law enforcement to investigate, arrest and prosecute those who would use violence and intimidation in pursuit of animal rights or radical environment goals. The AETA extends protections for "animal enterprises" (where animals are housed or kept) to individuals, businesses and

agencies, such as farmers, scientists, biomedical and biotechnology industries, research universities, teaching hospitals, financial institutions and others.

Animal Welfare Audits

The audits of *UEP Certified* companies for 2006 are nearly completed. Thus far there have been 436 facilities (separate farm locations) inspected. Twenty-five (25) companies received the perfect score of 200 points while the overall average for all company audits has been 190.3.

An audit sub-committee of UEP's Animal Welfare committee met with representatives of USDA and Validus in Chicago on November 15th for the purpose of reviewing the 2006 audit and determining what changes, if any, are needed for the 2007 audits.

Certified Egg Quote

In August, while attending UEP Area Meetings, Rick Brown of Uner Barry stated that likely by October, the firm would begin to issue both a **Certified** and a **Standard** quote for breaking stock. This has now occurred and we found on November 13th, the **Certified** quote was 3 to 4 cents per dozen higher than the quote for **Standard** eggs.

Rick Brown had previously stated that **Certified** shell eggs trade on average at about 2.2 cents higher than non-certified eggs with high and low demand periods causing wider spreads.

Price Discovery

Selected members of UEP's Price Discovery Committee met with Uner Barry on November 14th and are believed to have made great progress in resolving many of the differences in the recommendations that were previously made by the committee and what Uner Barry was willing to implement. Both the committee and Uner Barry are gathering further information for evaluation that could result in a price discovery system that is accepted by both parties. Everyone leaving the meeting felt it had been a very positive and cooperative meeting.





Washington Report

Howard Magwire, Director of Government Relations - Editor

Michael McLeod, Esq.

Randy Green, Sr. Government Relations Rep.

UEP Government Relations ** McLeod, Watkinson & Miller ** One Massachusetts Avenue, NW ** Suite 800
Washington, D.C. 20001 ** (202) 842-2345 ** Fax (202) 682-0775

Egg Producers File Multiple WIC Comments

USDA is still tallying the comments filed on proposals to change the WIC program, but a Washington source who ran a tally on comments received to date says egg producers stand out as filing multiple comments. At UEP's area meetings this summer, as well as our annual meeting this fall, producers received background information and an urgent request to protest USDA's plans to cut back eggs' role in the program. **Judging from the early tabulations, producers came through strongly!** Government agencies pay attention to the number of comments filed, so although WIC remains an uphill battle, UEP members have done their part to argue the case for keeping eggs at current levels. This is a good example of our industry working through its association to influence government.

House Passes Animal Enterprise Terrorism Act

The House passed and sent to the President the Animal Enterprise Terrorism Act (S. 3880), legislation that was drafted with the help of the FBI to increase penalties for violence and intimidation at farms, ranches, laboratories and other sites targeted by animal-rights extremists. Many different agricultural groups played a part in getting this bill across the finish line, but as a UEP member you have the right to pat yourself on the back. You decided to make this bill a priority lobby issue back in May, and egg producers from around the country buttonholed their elected representatives during our Washington board meeting. That helped create the climate for passage -- unanimously by both the Senate and the House! More recently, many of you responded to UEP's appeal for last-minute contacts to your Representatives, supporting a "yes" vote when the House took up the bill during the first day of its post-election "lame duck" session. By the way, among the few opponents of the bill was the Human Society of the United States. HSUS asserts it is against people violating the law, but opposed legislation to punish those who do.

UEP Urges Passage of Ag Worker Program

This week, UEP joined many other farm groups that comprise the Agriculture Coalition for Immigration Reform in urging that Congress take action on a comprehensive agricultural worker program this year. Language that seeks to address challenges specific to agriculture was included in the immigration bill passed with a bipartisan majority in the Senate. While the House did not take similar action, many House members of both parties have acknowledged the need to address immigration reform for agriculture. A letter was sent this week to every member of Congress asking them to support enactment of a comprehensive agricultural worker program before the end of the 109th Congress. Members were reminded that American agriculture needs a reformed H2A program that is timely, effective and streamlined, and a transition approach that allows for retaining the experienced workforce while capacity is built on the farm and at the border to support wider use of a reformed H2A program.

November 16, 2006

1

UEP Members Urge CERCLA/EPCRA Exemption

On Wednesday of this week, another potential opportunity came up to secure an animal manure exemption to the "Super Fund" legislation when Senator Pete Domenici of New Mexico said that he would introduce an amendment to the 2007 Agriculture Appropriations Bill to do this. Senator Domenici's amendment would add language to the Comprehensive Environmental Response Compensation and Liability Act of 1980 (CERCLA) and the Emergency Planning and Community Right to Know Act (EPCRA) to clarify Congressional intent by providing an exemption from these laws for manure derived from agricultural operations.

For a second time this week, UEP members responded to a request that you contact your Senators and urge them to vote yes on the Domenici amendment. A letter also went from Al Pope to each Senator urging adoption of the Domenici amendment. While debate on the agriculture appropriations bill was to begin on Wednesday afternoon, it was delayed so this issue is still pending.

New Strain of H5N1 Emerges in China

There have been several recent reports of a new strain of H5N1 Avian Influenza emerging in China that some fear is poised to could start another global wave of infection. These reports indicate that nearly three times as many Chinese poultry are infected with H5N1 now as compared to last year, despite the Chinese government's insistence that all poultry be vaccinated. Some researchers believe that vaccination is the reason for the increase in infections.

Researchers at the University of Hong Kong have been testing poultry in markets across southern China for flu for years, the only such long-term monitoring in the world. Between mid-2004 and mid-2005, they reported that 0.9% of market poultry were carrying H5N1, including 2% of ducks, a major carrier of the virus. Between mid-2005 and June 2006, they found this number has increased to 2.4% of market poultry, a threefold increase.

Researchers say this is a new "Fujian-like" strain of the virus, descended from one first seen in a duck in Fujian, China, in 2005. It caused 3% of poultry infections in September 2005, but 95% by June 2006.

Updated HPAI Response Plan

The August 2006 draft of the National Highly Pathogenic Response plan is now online at the USDA website. APHIS will use the draft response plan for rapidly detecting and quickly and effectively responding, should highly pathogenic avian influenza (HPAI) virus enter the United States. The draft plan was previously provided to UEP members.

After approval by the Government Relations and Food Safety committees, UEP, this week, submitted a set of model movement controls in the event of a HPAI outbreak to USDA for review and discussion. At the October annual meeting, the UEP board voted to support provisions for controlling movements of birds and products during any HPAI outbreak in commercial poultry that are based on science and allow the controlled movement of eggs and egg products from non-infected premises under permit and with appropriate biosecurity requirements.

Copies of the draft model controls are also being sent to each UEP member, state veterinarians and the state National Poultry Improvement Plan Administrators.

Elections 2006

The 2006 mid-term elections have come and gone. Republicans lost, Democrats won, mostly because of dissatisfaction with the President's policies in Iraq and multiple Congressional scandals. What lessons can we draw from this year's voting?

- **We remain a divided country.** The last two Presidential elections were ample evidence of that, and the 2006 mid-terms confirmed it. We have not all become liberal Democrats, any more than we were all conservative Republicans before.
 - **Republicans lost six Senate seats**, with Democrats prevailing in all close races except for an open seat in Tennessee.
 - **Republicans lost at least 28 House seats** (a few are still in doubt), including those of at least 20 defeated incumbents. (The rest were open seats.)
 - Democrats can legitimately talk about the **much-vaunted electoral "wave,"** since they lost none of their own seats and Republicans suffered major damage. Moreover, exit polling made it clear that this election was more "nationalized" than is the norm – with the Iraq war and Congressional corruption apparently the most salient issues in voters' minds. Both, of course, worked to Republicans' substantial disadvantage.
 - However, when the smoke clears, **Democrats will have narrow majorities** in both houses of Congress:
 - **The Senate will be split 51-49** (counting two independents as Democrats for purposes of determining party control). But as recent history shows, it often takes 60 votes to get much done in the Senate because that is the margin required to cut off protracted debate by a determined minority.
 - Before the election, Democrats held 201 seats and Republicans 229 (there were some vacancies). After the election, **Democrats will have at least 229 seats** and possibly a few more. But a majority in the House is 218, and a substantial number of newly elected Democrats are moderate-to-conservative politicians who can be expected to exhibit an independent streak on some votes, like taxes and social issues. Many roll-call votes will be close.
 - Democratic victories in the seats they took away from Republicans were often **nail-biters, with many 51-49 outcomes.** In only a few cases did Democrats defeat incumbent Republicans by 55% or more.
 - A significant number of the Democratic pick-ups were in so-called **"purple" states** – Presidential battleground states that are not reliably Democratic or Republican. This trend, if it holds, may not augur well for Republican Presidential prospects in 2008.
 - **Democratic control of Congress will surely make a difference:** The minimum wage will be going up, the President's policies on Iraq will come under sharp challenge, free trade agreements will have an even tougher time gaining approval, and executive-branch officials (including those at USDA) will be spending much more time in front of Congressional investigating panels and television cameras.
 - But both their narrow majorities and their plans for 2008 **will cause Democrats to remain cautious in some areas.** They will insist on a full debate on the Iraq war, but funding will not be cut off. They may try to change some tax policies – like the Alternative Minimum Tax that increasingly hits urban middle-income American families – but no broad-based tax increase lies in store during the next two years.
 - **Republicans' loss of the White House in 1992 ended up paving the way** for them to take House and Senate Congressional majorities in 1994 for the first time in 40 years.
 - They kept those majorities, except for a brief period in the Senate, for the next 12 years.

- It remains to be seen whether Democrats' 2006 victory will be as durable, but it is quite possible that **history will repeat itself in a slightly different way**.
 - The Republican presidential nominee in 2008 – whether Sen. John McCain or someone else – may well be able to run as a balancing force to the Democratic Congress.
 - The American people have now seen one-party control twice in a generation – under Democrats in 1992-94 and Republicans for most of 2001-2006 – and do not appear to like it much.
 - While Democrats' success in holding the House is hard to predict now, they have an excellent chance to make further gains in their margin of Senate control, since in 2008 they will be defending many fewer seats than the Republicans, and several GOP incumbents will be of an age when normal people would be thinking about retirement.
 - In what will probably be another close Presidential race, could Republicans gain the White House partly because they fail to regain their Congressional majority? Stranger things have happened.
- **What does all this mean for agricultural policy?**
 - The **new agriculture committee chairmen** will be Tom Harkin (D-IA) in the Senate and Collin Peterson (D-MN) in the House. Peterson is among the most conservative House Democrats. Harkin is somewhat further left of center, but in recent years has put more emphasis on enhancing conservation programs than on the populist farm policy proposals he favored earlier in his career.
 - **Under Peterson's chairmanship**, the House Agriculture Committee will be less hospitable to trade agreements, most of which he has opposed. Like other Democratic chairmen, he will hold more oversight hearings, and has suggested that one initial target will be USDA's management of the National Animal Identification System. But in many respects, his tenure will be similar to that of outgoing chairman Bob Goodlatte (R-VA).
 - **Country-of-origin labeling (COOL)** may get a boost from Democratic control, and could become mandatory for livestock in the years ahead. Another concept that may gain traction is a **single food-safety agency** – consolidating these functions that are now split between USDA and the Food and Drug Administration – since Rep. Rosa De Lauro (D-CT) will chair the Appropriations subcommittee that allocates funds to both agencies. (But such a consolidation would also need to go through two different House committees, and still faces long odds.)
 - **The status quo for farm programs has received a double boost from the Democratic victory**: First, because Democrats generally like the existing programs (as do many Republicans outside the Bush Administration); and second, because the case for changing U.S. farm programs in 2007 was always based on subsidy cuts that would be required by a World Trade Organization agreement. Those talks broke down this summer, and the conventional wisdom is they are now unlikely to revive before 2009. Unless that changes – which it could – many lawmakers will prefer to keep farm programs unchanged.
 - **The farm bill will probably take somewhat longer to finish** than if Republicans had maintained control.
 - Democrats will have to hire new staff and may get off to a slow start.
 - President Bush may feel emboldened to threaten a veto of a farm bill he dislikes, which could also delay the legislation.
 - Though finishing the bill in 2007 will remain the lawmakers' goal, their work could also slip into 2008.

B-9

PX-356

To: Bob Hodges[bhodes@moarkllc.com]; Don Dent[ddent@moarkllc.com]; Gary Foster[gfoster@norcoeggs.com]; Skip Hagy[shagy@moarkllc.com]; Jerry Welch[jwelch@moarkllc.com]
From: Craig Willardson
Sent: Thur 7/10/2008 7:26:02 PM
Importance: Normal
Subject: FW: from GENE GREGORY
SKMBT_C45108071014170.pdf

From: Phyllis Blizzard [mailto:phyllis@unitedegg.com]

Sent: Thursday, July 10, 2008 12:20 PM

To: Al Schimpf@S&R (E-mail); Amon Baer @Baer Bros (E-mail); Andrew Reichman @P&R (E-mail); Bill Glass @Ft. Recovery (E-mail); Bill Lehman @Creighton (E-mail); Billy Caldwell @Caldwell Foods (E-mail); Bob Krouse @MWP (E-mail); Bob Niewedde (E-mail); Brent Booker @Country Charm (E-mail); Brian Barrett @Feathercrest (E-mail); Chuck Dynes @Dynes Farm (E-mail); Chuck Elste @Nucal (E-mail); Cliff Lillywhite @Oakdell (E-mail); Craig Willardson; Danny Linville @Zephyr (E-mail 2); Dave Thompson @Pearl Valley (E-mail); David Lathem @L & R (E-mail); Dennis Hughes @United Egg Mktg (E-mail); Derek Yancey @MorningFresh (E-mail); Dick Patmos @Sunrise Acres (E-mail); Dolph Baker @Cal-Maine (E-mail); Doug Wicker @ISE (E-mail); Ed Hershberger @English Riv (E-mail); Ernest/Andy Mahard @Mahard (E-mail); Gib Burton @Feathercrest (E-mail); Glenn Hickman @Hickman's Eggs (E-mail); Grant Gunden @Active Feed (E-mail); Gregg Clanton @ISE (E-mail); Jeff Bradley@Weiss Lake (E-mail); Jerry Kil; Jim Brock @Crystal Farms (E-mail); Joe Maust @Active Feed (E-mail); John Sperry @Sperry Fms (E-mail); Karen Adrian; Kent Woodward@Oakdell (E-mail); Kevin Mussman@Mussman's (E-mail); Kurt Kreher @Kreher's (E-mail); Larry seger @Wabash Valley (E-mail); Marcus Rust @Rose Acre (E-mail); Mark Ankerich @Crystal Farms (E-mail); Mike Bynum @Tampa Farms (E-mail); Randy@National Foods (E-mail); Richard Simpson @Simpson's Eggs (E-mail); Roger Deffner @National Foods (E-mail); Ron Gayman@Hillside (E-mail); Ron Truex @Creighton Bros (E-mail); Scott @Kreher's Eggs (E-mail); Scott Braswell @Braswell (E-mail); Scott Horton @Country Charm (E-mail); Sharon Fracalossi @Hamilton (E-mail); Skip Hagy; Steve Leslie @United (E-mail); Steve Tenney @Dakota Layers (E-mail); Tom Hertzfeld @Hertzfeld Poultry (E-mail); Tom Oliver @Chestnut Mtn (E-mail); Vincent Reina @Maxim (E-mail); Wayne Mooney @Pilgrim's Pride (E-mail); Wayne Winslow @Nucal (E-mail); Barrie Wilcox (E-mail); Gordon Satrum @Willamette (E-mail); Paul Sauder @R. W. Sauder (E-mail)

Subject: from GENE GREGORY

I'm forwarding this letter to you from Gene.

<<SKMBT_C45108071014170.pdf>>



1720 Windward Concourse, Suite 230

Alpharetta, Georgia 30005

Fax: (770) 360-9193

Tel: (800) 735-3765

(770) 360-5638

Mail Invoices: United Egg Producers P.O. Box 170 Eldridge, IA 52748

TO: United States Egg Marketer Members

In May you approved the export sale of 100 containers of eggs. Those eggs were delivered over a period of May 21 through June 24.

The Umer Barry Midwest Large quote was \$1.04 on the date you approved this export sale. During the period of delivery, the Umer Barry quote rose by 30 cents per dozen. We, therefore, conclude that this export was of great economic value to your company and the industry as a whole.

By July 1st the market had begun to fall and is quickly approaching break even or unprofitable price levels.

Now we are concerned with the increasing pullet hatch. After having increased the hatch by 10 million pullets in 2007 over 2006 levels, we continue to find the hatch has increased by 4.3 million pullets during the first five months of 2008. This is an indication that we are building a layer flock inventory, which will move the egg supply/demand out of balance and lead us to unprofitable times.

With feed and fuel cost prices at current levels and expected to go higher, we must watch all costs very carefully and adjust egg supply to avoid falling into an unprofitable period. We cannot always export ourselves out of a bad situation.

We urge you to be leaders in maintaining a profitable industry.

Sincerely,

A handwritten signature in black ink, appearing to read "Gene", is written over a horizontal line.

Gene W. Gregory

B-10
PX-362



United Voices

Gene Gregory – Editor



HIGHLIGHTS OF THIS ISSUE

- * **Another Export**
- * **Animal Welfare Conference**
- * **Increased Conversion Factor**
- * **EU Regulations**

USEM Takes Another Export

The members of United States Egg Marketers (USEM) have once again accepted an export order for the delivery of 200 container loads (approximately 160,000) cases for delivery beginning immediately and completed by the third week of May. The German buyer will distribute the eggs to Europe, Israel, Japan and Dubai.

Phyllis Blizzard says she has been working with the export business for 21 years and she doesn't recall ever filling an export between Easter and the fall months.

Since mid-October 2006, USEM has accepted four (4) exports for a total of 890 container loads (approximately 712,000 cases). During this period the Umer Barry Midwest Large quote has averaged 24.5 cents per dozen more than during the same period a year earlier. During the same period the Umer Barry Central Breaking Stock quote has averaged 15.5 cents per dozen more than the comparable period a year earlier.

Considering the fact that we produce about 2.86 million cases per week for shell egg markets and 1.29 million cases per week for breaking, we would put the estimated increased industry revenue at \$546 million for shell eggs and \$156 million for breaking stock.

The latest export order could be very beneficial to the shell egg industry at a time when the industry historically is producing surplus eggs at unprofitable prices. Coupled with the fact that the industry came off the Easter market making major supply adjustments through hen disposal and molts, an export of 200 containers could create at least a short period of profitable prices. Many producers have shared opinions that the flock and egg supply adjustment this year reacted to increasing feed cost more so than past years. Some have suggested that it may be difficult to find all the needed eggs for this export. When this export was taken the Umer Barry quote for Midwest Large eggs was 91 cents and likely to follow historical trends to a down market. A year ago on the same date, Umer Barry's Midwest Large quote was 66 cents and fell to a bottom of 53 cents before beginning to recover. Within a few days of the latest export announcement, the market moved up to \$1.08 (a 17 cent increase) and higher prices are expected as we attempt to find eggs to fill the market.

The members of USEM represent 146 million layers or approximately 50% of the total U.S. layers.

UNITED EGG PRODUCERS
1720 Windward Concourse
Suite 230
Alpharetta, GA 30005

Phone: (770) 360-9220
FAX: (770) 360-7058

<http://www.unitedegg.com>

April 27, 2007

1

Cal-Maine Foods and Country Creek Farms to Acquire Arkansas Farm

In a joint statement released by Fred Adams, chairman & CEO of Cal-Maine Foods and Ron Whaley, president and CEO of Country Creek Farms, LLC, the announcement was made that an agreement has been reached to acquire the assets of the shell egg division of George's, Inc. located near Siloam Springs, Arkansas. The newly formed company will use the name of Benton County Foods, LLC. The assets to be acquired include approximately one million laying hens, growing facilities for replacement pullets and a feed mill.

Promising Signs From Layer Flock Size

USDA reported the nation's layer flock inventory on April 1 to be 286.4 million, which is approximately 2% below the 291.8 million on the same day a year ago.

The hatch report, however, was not so promising. USDA reported pullet chicks hatched during March at 20.3 million and approximately 4% larger than the same month a year ago. This was the largest monthly hatch since March of 2005. The number of chicks hatched during the first three months of 2007 exceeded the same period of a year ago by 3.1 million pullets. Eggs in incubators reported for April 1st exceeded last year's figure by 11%.

Retail Animal Welfare Conference

On behalf of the UEP Certified companies, UEP hosted a meeting of retailers and others in Phoenix, Arizona on April 11th and 12th. The purpose of this first of a kind animal welfare conference was to acquaint our customers with the facts about UEP's science-based animal welfare program and the campaigns launched by animal activists. The take home message was that we need to work together to assure that consumers continue to have choices in their egg purchases and not be forced to purchase only cage-free or organic. Our invitations did not focus upon egg buyers but instead the people that work in consumer affairs or other key executive positions.

In addition to conference presentations, a tour of Hickman's Egg Ranch provided the attendees with the opportunity to see a modern cage-egg production farm.

The feedback from the attendees has been extremely positive and encouragement to host another conference. Here is a written quote from one of the attendees: *"I can't express enough of my appreciation to all of you at United Egg Producers for the wonderful Animal Welfare conference. I felt privileged to be there and gained valuable knowledge about your organization and how deeply committed you are to animal welfare. I will certainly be using the information from the conference in answering calls from our customers inquiring about caged and cage-free hens and their environment."*

We were pleased to have representatives from the following:

**Notre Dame University
Oklahoma Grocers Association
Louisiana Retailers Association
Oregon Grocers Association
Kings Super Markets
California Grocers Association
Winn-Dixie
North Carolina Retail Merchants
Wal-Mart
Kroger
Schnucks Markets
Brashas**

**SYSCO Corporation
Unified Western Grocers
University of Arizona
Michigan Grocers Association
Wisconsin Grocers Association
H-E-B
Brigham Young University
Farm Fresh Food & Pharmacy
Shamrock Foods
Hannaford Brothers Co.
Association Grocers of New England**

April 27, 2007

2

UEP Certified companies covered the cost of the conference from the public relations funds. Thanks to Mitch Head and Diane Storey of GolinHarris for organizing the conference and to the Hickman family for allowing a tour of their farm.

Uerner Barry To Increase Conversion Cost Factor

Uerner Barry Publications announced during their recently held conference that after considering the results of the 4th quarter PCT survey they would incorporate an increase of one (1) cent per dozen in their conversion factor for establishing the quote for Large eggs. Uerner Barry will now recognize the following conversions as a steady market when eggs trade at the following ranges back of the Large quote.

Carton Eggs	=	16 – 17 cents
Top Grade Large	–	23 – 25 cents
Plant Grade Loose Large in ½ case	–	27 – 29 cents
Plant Grade Loose Large 30 doz (in either cases or pallets & boards)	=	31 – 34 cents
Gradeable Nest Run Class # 1	=	37 – 39 cents

Gestation Crates

Elected officials in Maryland have introduced legislation in both of the state's legislative houses that is aimed at banning the use of gestation crates for sows. Maryland's movement follows that of Oregon and California. Sow gestation crates are already banned in Florida and Arizona.

The Humane Society of the United States, believe they will eventually eliminate all sow gestation and veal crates as well as cages for hens through either pressure upon the market, legislation or ballot referendums.

Switching To Cage-Free

Chicago's Swedish Covenant Hospital, the University of Minnesota, and the Vermont Law School are the latest to be announced by HSUS has having switched to cage-free eggs.

It had also been announced that the University of Wisconsin/Oshkosh was going cage-free but this decision has now been delayed until the Fall 2007 semester to allow students to vote on whether they would like USDA certified organic or cage-free eggs on campus.

Originally UW-Oshkosh student meal plans were thought to increase to \$5 per student but Sodexho, the food service provided, informed the Food Committee that the price would increase by \$10.73 per student. The Food Committee said about \$35,000 would be raised if each student pays almost \$11 extra on their meal plans for the cage-free eggs.

Steve Barney, a UW-Oshkosh student, introduced the idea of bringing cage-free eggs to campus and had over 750 students sign a petition. Barney said Oshkosh should switch to cage-free eggs because hens that live in cages are confined to a space of 67 square inches and hens are unable to do their normal activities such as spreading their wings. (Doesn't this sound like the HSUS message?) Out of 563 students who voted, 292 supported the switch to cage-free eggs as soon as possible, 185 said no and 86 didn't have an opinion.

The Food Committee said that 75% of those students who voted aren't going to come back to the residence halls and that was one of the reasons for waiting until the Fall semester to allow students to vote again.

Will New EU Requirements Stop or Limit U.S. Egg Exports?

USDA/AMS along with FAS and FSIS are working with the European Commission to resolve new EU requirements that could severely impair our ability to ship shell eggs or egg products to customers in Europe. The UEP/UEA staff is working with the U.S. agencies to resolve the problems. Among the issues contained in the EU Model Certificate for eggs are the following:

- May require future shipments to be placed on sea containers at the packing facility and sealed by the AMS grader. Additionally, the packer/broker would be responsible for providing the specified transport information (vessel identity, location of disembarkation, etc.)
- Require a certification that the U.S. has submitted and maintains a residue plan for eggs in accordance with the EU Directive.
- The EU Model Certificate implies that the eggs were produced/originated from an establishment(s) that has implemented a program based upon the HACCP principles in accordance with EU regulations.

A recent communication indicated that it is the interpretation of FAS that any USDA official shell egg or egg products plant, regardless of whether they have a documented HACCP plan, would be eligible to export to the EU. Their interpretation is that as an official plant, they must meet established minimum sanitary and operational requirements. The limiting factor here is that United States Egg Marketers (USEM) sources eggs for the export of shell eggs from many producers that do not use the USDA voluntary grading services.

The UEP/UEA staff has stayed in communications with FSIS on this issue and learned that some concerns related to egg products have been resolved. A new EU Certificate for egg products has been shared with the UEA Further Processor members.

Monday's Egg Inventory

USDA reported the egg inventories for the four weeks prior to Easter and the Monday after Easter were smaller in 2007 than the previous three years.

Welcome New Members

The UEA Further Processor Division is pleased to announce two new members. They are Wilcox Farms of Roy, Washington and Texas Egg Products, LLC of Waelder, Texas.

Wanted

Good used older Diamond 100 or 150 case per hour egg grader. Call Linda at the UEP-Iowa office (563) 285-9100.

April 27, 2007

4

USDA POULTRY STATISTICS (layers)

Actual Numbers 1/1/03 thru 4/1/07
Projected Numbers thru 12/31/07

PULLET	CHICK HATCH	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL	% Change For Year	Avg. Per Month	
HEN SLAUGHTER	2003	16.7	15.0	18.4	18.8	19.1	18.2	17.8	16.8	17.9	17.4	15.1	16.9	207.9	-1.3%	17.3	
	2004	17.7	16.0	18.8	18.8	19.3	19.0	17.1	18.4	18.0	18.0	19.2	18.5	219.2	5.2%	18.3	
	2005	19.5	17.0	20.5	19.1	18.7	17.3	17.7	19.5	16.9	17.7	16.4	18.1	218.8	-0.2%	18.2	
	2006	17.7	16.9	19.5	17.3	20.1	18.9	16.6	17.5	18.4	18.2	15.9	16.7	213.5	-2.4%	17.8	
	2007	18.5	18.4	20.3	19.2	19.5	18.5	17.5	17.0	17.9	17.7	16.0	18.7	219.2	2.6%	18.3	
	2008	8.2	6.8	7.0	8.3	7.2	6.4	6.6	5.5	5.0	5.5	4.4	5.9	75.8	-27.2%	6.3	
	2009	5.8	5.2	6.1	6.1	6.1	6.3	6.0	6.4	6.2	6.9	5.7	6.4	72.2	-5.9%	6.0	
LAYING HEN NUMBERS	2003	5.8	5.5	7.5	7.1	6.8	7.2	5.5	5.5	5.3	5.2	4.8	6.1	72.2	0.0%	6.0	
	2004	6.2	4.5	5.1	4.5	5.4	4.1	4.1	4.6	4.3	5.0	3.8	4.1	55.7	-22.9%	4.6	
	2005	4.6	4.5	5.5	5.0	5.0	4.5	4.5	4.5	4.5	4.5	4.5	5.0	58.6	1.7%	4.7	
	2006	282.1	282.0	280.1	279.7	276.2	275.4	274.8	276.2	276.9	276.9	279.3	282.4	279.5	70.2%	279.3	
	2007	16.6	16.6	15.0	14.5	14.9	15.6	14.0	17.1	17.5	17.5	16.9	16.6	192.9	-2.3%	16.1	
	2008	8.5	11.7	8.4	9.7	8.5	9.7	6.9	10.9	12.5	9.5	9.4	13.6	119.7	43.0%	10.0	
	2009	282.0	280.1	275.7	276.2	275.4	274.8	276.2	276.9	276.9	279.3	282.4	279.5	279.5	70.2%	279.3	
2004	UB NE LG, MKL	83.4	80.1	86.0	83.6	73.7	82.9	87.0	99.8	101.0	105.8	128.4	115.3	93.9	66.5%	93.9	
	Begin No. Layers	279.5	279.8	280.5	282.8	281.9	282.7	282.6	283.4	284.0	285.3	286.5	285.2	285.2	66.5%	282.9	
	Placements *	15.4	16.6	16.2	14.0	15.7	16.5	14.9	17.5	17.5	17.9	17.7	15.9	16.3	1.5%	16.3	
	Slaughter	5.8	5.2	6.1	6.1	6.1	6.3	6.0	6.4	6.2	5.9	5.7	6.4	72.2	25.5%	6.0	
	Mortality **	9.3	10.7	7.8	8.3	8.8	10.3	8.1	10.5	10.0	10.8	13.3	7.3	115.8	40.9%	9.8	
	Ending No. Layers	279.8	280.5	282.8	281.9	282.7	282.6	283.4	284.0	285.3	286.5	285.2	287.4	283.5	283.5	88.1	
	UB NE LG, MKL	120.5	113.5	128.9	95.4	79.5	82.0	75.8	69.4	72.0	62.7	76.6	81.1	65.5%	71.7		
2005	Begin No. Layers	287.4	288.5	289.5	285.7	282.7	282.1	281.3	281.7	283.5	285.6	287.3	290.7	285.5	71.3%	285.5	
	Placements *	17.1	17.1	16.7	17.9	17.2	18.1	15.8	19.4	17.8	17.4	16.1	16.5	207.1	5.7%	17.3	
	Slaughter	5.8	5.5	7.3	7.1	6.8	7.2	5.5	5.6	5.3	5.2	4.8	6.1	72.2	25.3%	6.0	
	Mortality **	10.2	10.6	13.2	13.8	11.0	11.7	9.9	12.0	10.4	10.5	7.9	10.1	131.4	46.0%	10.9	
	Ending No. Layers	288.5	289.5	285.7	282.7	282.1	281.3	281.7	283.5	285.6	287.3	290.7	290.9	285.3	285.3	88.1	
	UB NE LG, MKL	70.8	67.0	66.0	62.2	60.6	70.0	69.8	66.1	82.1	68.6	82.8	91.5	12 Months	71.7		
	2006	286.9	287.0	287.0	287.0	287.0	287.0	287.0	287.0	287.0	287.0	287.0	287.0	287.0	287.0	287.0	287.0
PROJECTED 2006	Begin No. Layers	286.9	287.0	287.0	287.0	287.0	287.0	287.0	287.0	287.0	287.0	287.0	287.0	287.0	287.0	287.0	287.0
	Placements *	18.1	15.7	16.5	15.3	16.8	16.5	15.7	18.1	16.1	18.7	17.5	15.4	200.4	-3.2%	16.7	
	Slaughter	6.2	4.5	5.1	4.5	5.4	4.1	4.1	4.6	4.3	5.0	3.8	4.1	55.7	19.3%	4.6	
	Mortality **	12.0	11.0	10.8	13.7	14.6	14.1	11.4	12.4	9.3	13.2	11.7	11.5	145.7	50.6%	12.1	
	Ending No. Layers	290.8	291.0	291.6	288.7	285.5	283.8	284.0	285.1	287.6	288.1	290.1	289.9	288.0	288.0	288.0	288.0
	UB NE LG, MKL	81.4	65.0	85.6	72.1	62.4	71.8	62.5	74.0	73.3	77.2	105.5	101.7	12 Months	77.7		
	2007	289.9	289.9	289.9	289.9	289.9	289.9	289.9	289.9	289.9	289.9	289.9	289.9	289.9	289.9	289.9	289.9
PROJECTED 2007	Begin No. Layers	289.9	289.9	289.9	289.9	289.9	289.9	289.9	289.9	289.9	289.9	289.9	289.9	289.9	289.9	289.9	289.9
	Placements *	16.3	17.1	16.9	14.8	15.5	17.2	17.1	18.9	17.9	18.1	17.2	16.3	203.3	1.4%	16.9	
	Slaughter	4.6	4.5	5.5	5.0	5.0	4.5	4.5	4.5	4.5	4.5	4.5	5.0	56.6	19.9%	4.7	
	Mortality **	13.5	13.1	12.8	14.0	14.0	13.5	12.0	12.0	11.0	11.0	10.5	10.5	147.7	52.0%	12.3	
	Ending No. Layers	288.3	287.8	286.4	282.2	278.7	277.9	278.5	280.9	283.2	285.9	288.1	283.9	283.9	283.9	283.9	283.9
	UB NE LG, MKL	118.2	105.9	108.0	100.3	95.4	105.9	105.9	105.9	105.9	105.9	105.9	105.9	105.9	105.9	105.9	105.9
	2008	290.8	290.8	290.8	290.8	290.8	290.8	290.8	290.8	290.8	290.8	290.8	290.8	290.8	290.8	290.8	290.8
PROJECTED 2008	Begin No. Layers	290.8	290.8	290.8	290.8	290.8	290.8	290.8	290.8	290.8	290.8	290.8	290.8	290.8	290.8	290.8	290.8
	Placements *	16.3	17.1	16.9	14.8	15.5	17.2	17.1	18.9	17.9	18.1	17.2	16.3	203.3	1.4%	16.9	
	Slaughter	4.6	4.5	5.5	5.0	5.0	4.5	4.5	4.5	4.5	4.5	4.5	5.0	56.6	19.9%	4.7	
	Mortality **	13.5	13.1	12.8	14.0	14.0	13.5	12.0	12.0	11.0	11.0	10.5	10.5	147.7	52.0%	12.3	
	Ending No. Layers	288.3	287.8	286.4	282.2	278.7	277.9	278.5	280.9	283.2	285.9	288.1	283.9	283.9	283.9	283.9	283.9
	UB NE LG, MKL	118.2	105.9	108.0	100.3	95.4	105.9	105.9	105.9	105.9	105.9	105.9	105.9	105.9	105.9	105.9	105.9
	2009	291.7	291.7	291.7	291.7	291.7	291.7	291.7	291.7	291.7	291.7	291.7	291.7	291.7	291.7	291.7	291.7
PROJECTED 2009	Begin No. Layers	291.7	291.7	291.7	291.7	291.7	291.7	291.7	291.7	291.7	291.7	291.7	291.7	291.7	291.7	291.7	291.7
	Placements *	16.3	17.1	16.9	14.8	15.5	17.2	17.1	18.9	17.9	18.1	17.2	16.3	203.3	1.4%	16.9	
	Slaughter	4.6	4.5	5.5	5.0	5.0	4.5	4.5	4.5	4.5	4.5	4.5	5.0	56.6	19.9%	4.7	
	Mortality **	13.5	13.1	12.8	14.0	14.0	13.5	12.0	12.0	11.0	11.0	10.5	10.5	147.7	52.0%	12.3	
	Ending No. Layers	288.3	287.8	286.4	282.2	278.7	277.9	278.5	280.9	283.2	285.9	288.1	283.9	283.9	283.9	283.9	283.9
	UB NE LG, MKL	118.2	105.9	108.0	100.3	95.4	105.9	105.9	105.9	105.9	105.9	105.9	105.9	105.9	105.9	105.9	105.9
	2010	292.6	292.6	292.6	292.6	292.6	292.6	292.6	292.6	292.6	292.6	292.6	292.6	292.6	292.6	292.6	292.6
PROJECTED 2010	Begin No. Layers	292.6	292.6	292.6	292.6	292.6	292.6	292.6	292.6	292.6	292.6	292.6	292.6	292.6	292.6	292.6	292.6
	Placements *	16.3	17.1	16.9	14.8	15.5	17.2	17.1	18.9	17.9	18.1	17.2	16.3	203.3	1.4%	16.9	
	Slaughter	4.6	4.5	5.5	5.0	5.0	4.5	4.5	4.5	4.5	4.5	4.5	5.0	56.6	19.9%	4.7	
	Mortality **	13.5	13.1	12.8	14.0	14.0	13.5	12.0	12.0	11.0	11.0	10.5	10.5	147.7	52.0%	12.3	
	Ending No. Layers	288.3	287.8	286.4	282.2	278.7	277.9	278.5	280.9	283.2	285.9	288.1	283.9	283.9	283.9	283.9	283.9
	UB NE LG, MKL	118.2	105.9	108.0	100.3	95.4	105.9	105.9	105.9	105.9	105.9	105.9	105.9	105.9	105.9	105.9	105.9
	2011	293.5	293.5	293.5	293.5	293.5	293.5	293.5	293.5	293.5	293.5	293.5	293.5	293.5	293.5	293.5	293.5
PROJECTED 2011	Begin No. Layers	293.5	293.5	293.5	293.5	293.5	293.5	293.5	293.5	293.5	293.5	293.5	293.5	293.5	293.5	293.5	293.5
	Placements *	16.3	17.1	16.9	14.8	15.5	17.2	17.1	18.9	17.9	18.1	17.2	16.3	203.3	1.4%	16.9	
	Slaughter	4.6	4.5	5.5	5.0	5.0	4.5	4.5	4.5	4.5	4.5	4.5	5.0	56.6	19.9%	4.7	
	Mortality **	13.5	13.1	12.8	14.0	14.0	13.5	12.0	12.0	11.0	11.0	10.5	10.5	147.7	52.0%	12.3	
	Ending No. Layers	288.3	287.8	286.4	282.2	278.7	277.9	278.5	280.9	283.2	285.9	288.1	283.9	283.9	283.9	283.9	283.9
	UB NE LG, MKL	118.2	105.9	108.0	100.3	95.4	105.9	105.9	105.9	105.9	105.9	105.9	105.9	105.9	105.9	105.9	105.9
	2012	294.4	294.4	294.4	294.4	294.4	294.4	294.4	294.4	294.4	294.4	294.4	294.4	294.4	294.4	294.4	294.4
PROJECTED 2012	Begin No. Layers	294.4	294.4	294.4	294.4	294.4	294.4	294.4	294.4	294.4	294.4	294.4	294.4	294.4	294.4	294.4	294.4
	Placements *	16.3	17.1	16.9	14.8	15.5	17.2	17.1	18.9	17.9	18.1	17.2	16.3	203.3	1.4%	16.9	
	Slaughter	4.6	4.5	5.5	5.0	5.0	4.5	4.5	4.5	4.5	4.5	4.5	5.0	56.6	19.9%	4.7	
	Mortality **	13.5	13.1	12.8	14.0	14.0	13.5	12.0	12.0	11.0	11.0	10.5	10.5	147.7	52.0%	12.3	
	Ending No. Layers	288.3	287.8	286.4	282.2	278.7	277.9	278.5	280.9	283.2	285.9	288.1	283.9	283.9	283.9	283.9	283.9
	UB NE LG, MKL	118.2	105.9	108.0	100.3	95.4	105.9	105.9	105.9	105.9	105.9	105.9	105.9	105.9	105.9	105.9	105.9
	2013	295.3	295.3	295.3	295.3	295.3	295.3	295.3	295.3	295.3	295.3	295.3	295.3	295.3	295.3	295.3	295.3
PROJECTED 2013	Begin No. Layers	295.3	295.3	295.3	295.3	295.3	295.3	295.3	295.3	295.3	295.3	29					

** Mortality - includes: hen house mortality, fire loss, theft, unreported disposal and reported disposal and reported disposal.

^{44a} Top % is change in 20 wk old pullets housed vs previous year, 2nd is slaughter as a % of laying flock size.

and the 3rd is mortality & disappearance as a % of laying flock size.

MONTHLY DISAPPEARANCE

(Millions)

2007	JAN	FEB	MAR	APR	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	TOTAL
U. S. Slaughter	4.6	4.5	5.5										14.6
Canadian Slaughter	0.8	1.1	0.9										2.8
Rendering and Other	10.0	9.5	9.4										28.9
Normal Mortality	2.5	2.5	2.5										7.5
Actual Total	17.9	17.6	18.3										53.8
Estimated Total for 2007 (2-22-07)	17.9	16.0	16.5	19.0	19.0	18.0	16.5	16.5	15.5	15.5	15.0	15.5	200.9

RKL/dm

4/24/2007

REDACTED

REDACTED

B-11

PX-555



1720 Windward Concourse, Suite 230

Alpharetta, Georgia 30005

Fax: (770) 360-9193

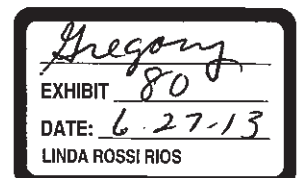
Tel: (800) 735-3765
(770) 360-9220

November 22, 2006

TO: United States Egg Marketer (USEM) Members

The recent export of 90 containers is now completed and we believe it accomplished its goal of improving domestic prices at a time when shell egg producers needed it so desperately. As we now look back upon this export, we would like for you to consider the following:

- The Umer Barry Midwest Large quote increased by 40 cents per dozen during the period of filling this export. You might say that the market was primed and ready for increasing prices regardless of the export. Well let's consider the fact that we currently have approximately the same number of hens this year as we had a year ago. Last year's market increased by 12 cents per dozen for the Thanksgiving market. **We must conclude that this export provided major financial benefits.**
- Since UEP assumed the management of USEM, in the fall of 2000, we sold five (5) sizable exports prior to the recent sale. We had calculated past export benefits of being worth anywhere from as little as 6 cents per dozen to as much as 24 cents per dozen during the period of delivery of each export. The recent export exceeded any of past history and exceeded our expectations for this year. **We must therefore conclude that this recent export was a major financial boost to all shell egg producers that market eggs at prices in relationship to the Umer Barry benchmark quote.**
- Prior to the announcement of this export the Umer Barry Midwest Large quote had averaged 70 cents per dozen for the first 10 months of the year. The annual average through November 22nd has risen by 3 cents per dozen. Doesn't sound like much of an increase until you consider this represents at least an increased revenue of 63 cents for every hen you own.
- To fill this export we had to purchase approximately 36,000 cases for those members that requested we buy their committed share. With the market moving rapidly to higher prices, we found ourselves having to pay very high prices to get the eggs. As we neared the completion of the export we found ourselves having to beg producers to pack eggs for us. Because of this, the loss (difference between sale price and cost) will be by far the largest USEM has ever experienced. We hope that producers receiving an invoice for their share of the loss will remember the benefit this export provided for all the eggs they produced during this period.

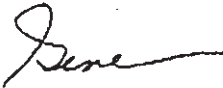


November 22, 2006
Page Two

- Now I realize that egg producers don't want to listen to staff's problems and their message is just get the job done. We, however, wish to acknowledge the workload when a job this size comes along. Keep in mind that an export takes 100% of Phyllis Blizzard's time. While she is handling all the export details she cannot be trading eggs for the clients she regularly works with. (You just can't appreciate or understand all the paperwork in dealing with the buyers, producers, freight forwarders, docks, etc., that must be carefully handled to make an export of this size work.) Billie Jo Corell had retired and we had to bring her back in just to purchase the eggs for members that had requested we purchase their committed share. Linda Reickard handles all the paper work for the buying and selling of eggs, making sure everyone gets paid and invoiced. She also must calculate the loss to be shared among the members requesting eggs be purchased for them. She must keep track of every freight invoice and determine what the freight equalization is for each member packing their own eggs. She must keep all records of those that supplied their own eggs and those that were purchased in a separate pool and account for every sale and dollar. The bottom line is that it is a big job for an extremely small staff and I'm asking you to express your appreciation to Phyllis and Linda for an excellent job.
- We are now faced with the likelihood that Billie Jo may not be available to assist us should another export opportunity be available. This will put even more pressure on your staff but we will try our very best to make it work.

Thanks to each of you for your commitment and participation. You did a good job of improving domestic prices for all shell egg producers and those producers selling eggs to egg breakers at prices in relationship to the Urner Barry quote. We hope you realized the benefit your company received from this export.

Sincerely,



Gene W. Gregory

B-12
PX-694



1720 Windward Concourse, Suite 230

Alpharetta, Georgia 30005

Fax: (770) 360-9193

Tel: (800) 735-3765
(770) 360-9220

November 7, 2006

Dear USEM Members:

SUBJECT: Current Export Order

We feel it necessary to inform you of changes that occurred on the current export order that causes a small change in the selling price.

The original sale was made as follows:

30 containers to a buyer from the Netherlands at 40 cents per dozen less commissions.

60 containers to a buyer from Germany at 37 cents per dozen less commissions.

The average sale price would have been 38 cents less commissions.

The Netherlands buyer had difficulty and was only able to take 10 containers. Our German buyer came back in and took an additional 20 containers at the 37 cent price.

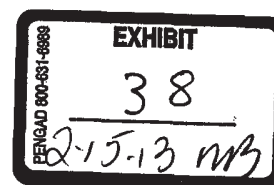
The net effect of this change reduces the overall average price by .0067 cent per dozen.

The reason for taking an export is to improve U.S. domestic market conditions. We believe you have accomplished this goal with the Urner Barry Large quote increasing 25 cents per dozen since the export was first announced. We are having to pay very high prices for the eggs we are purchasing for those members electing not to pack their own eggs. The invoice for the loss will be rather large but we hope the members will remind themselves of how much the market rise has benefited them.

This has been a difficult export for your staff but we believe we now have the problems resolved.

Sincerely,

Gene W. Gregory
Senior Vice President - United Egg Producers
GWG/ph



CONFIDENTIAL

CM00406591

B-13
PX-788

To: Matt Gentry[mgentry@moarkllc.com]
From: Don Dent
Sent: Fri 3/7/2008 3:56:15 PM
Importance: Normal
Subject: FW: LRP call
PEPA Annual Convention--Gene Gregory.ppt
PEPA Presentation--Bob Hodges.ppt

Did you use any of these – or are they potentials for next week.

Benjamin M. Dent (Don)
Chief Financial Officer
Moark LLC
Phone: California (951) 549-7660
Phone: St. Louis Maryville Centre (314) 317-5240
Cell Phone: (314) 630-7904
Fax: Ca. (951) 279-8156

From: Craig Willardson
Sent: Thursday, March 06, 2008 7:31 PM
To: Don Dent; Matt Gentry
Subject: LRP call

Don/Matt

I'm sure you have had a lot of information thrown at you lately on the LRP project. With extensive travel and a series of industry meetings this week, I haven't contributed much to the process, but will take a look at the data in the morning. There were good PPT presentations from the egg economic panel that I chaired (Gene Gregory, Bob Hodges, and Sean Delano of CCF). I have two of them, which I will forward.

Craig Willardson

MOARK

951-549-7660 telephone

951-549-6733 facsimile

951-733-0200 cell phone



Produced as MOARK0029196



PEPA Annual Convention

March 2008

“Egg Economics Report”

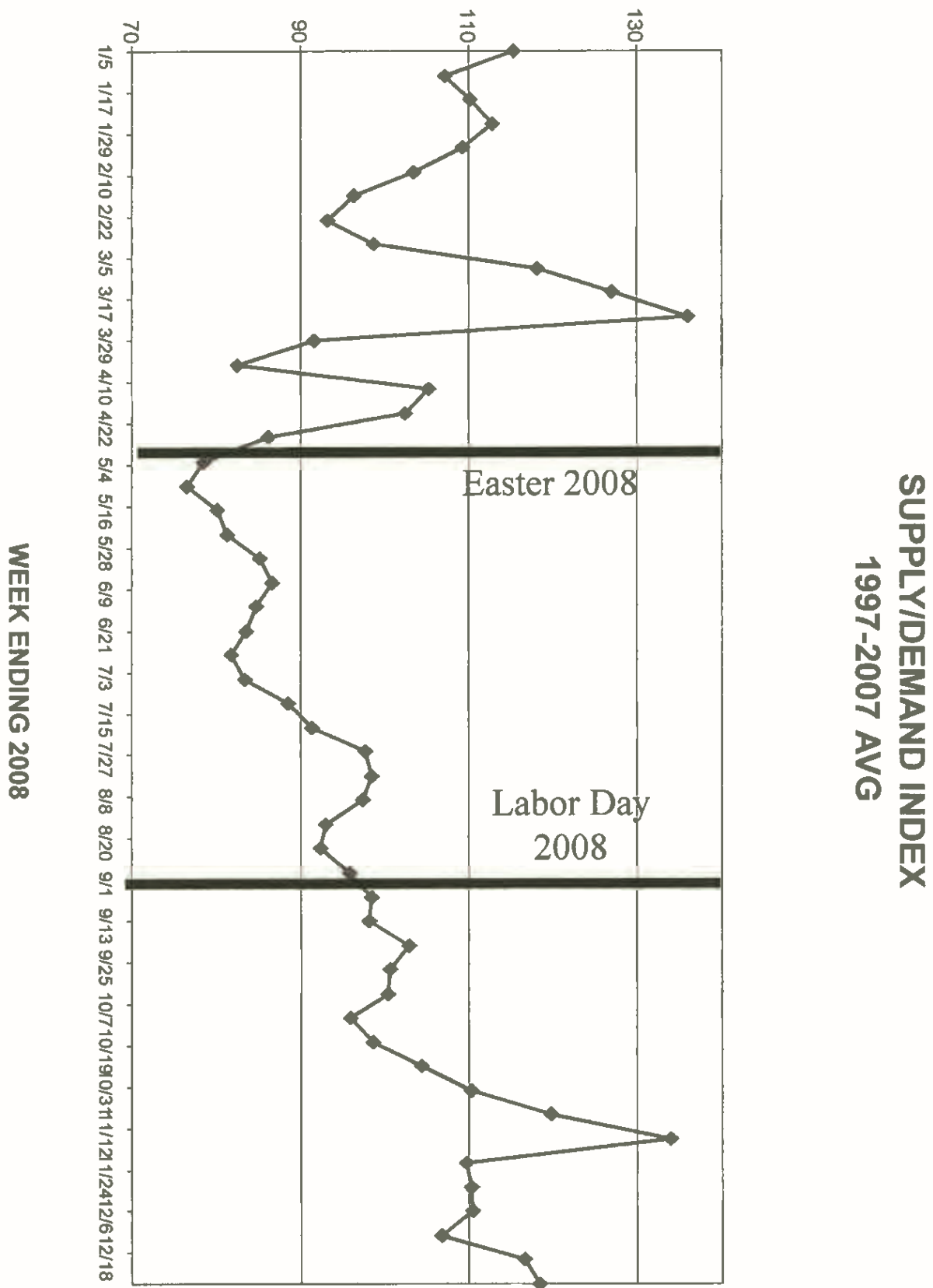
By:

Gene Gregory

United Egg Producers - President

Factors That Attributed To 2007 Egg Prices

- Financial losses of 2005 and 2006
- Flock Reduction (Better supply management)
- UEP Certified Cage Space Requirements
- Prohibited backfilling of cages
- Exports
- Reduced egg supply during weeks between Easter and Labor Day
- Ethanol Mandates – Competition for Corn
- Population Growth (Increased Demand)



Shell Egg Produced – Less Eggs for Breaking

Month	Million Cases			Million Cases			Million Cases		
	2005	2005	Net	2006	2006	Net	2007	2007	Net
	Shell Egg	Eggs Broken	Shell Eggs	Shell Eggs	Eggs Broken	Shell Eggs	Shell Eggs	Eggs Broken	Shell Eggs
Jan	18.13	5.32	12.81	18.40	5.52	12.88	18.15	5.08	13.07
Feb	16.43	5.17	11.26	16.63	5.30	11.33	16.44	5.07	11.37
Mar	18.36	6.00	12.36	18.71	5.67	13.04	18.46	5.59	12.87
Apr	17.53	5.57	11.96	17.97	5.41	12.56	17.61	5.20	12.41
May	17.89	5.76	12.13	18.11	5.86	12.25	17.91	5.91	12.00
June	17.36	6.16	11.20	17.61	5.90	11.71	17.34	5.70	11.64
July	17.90	5.61	12.29	18.20	5.71	12.49	17.88	5.54	12.34
Aug	17.85	6.02	11.83	18.21	6.08	12.13	17.88	6.16	11.72
Sept	17.44	5.93	11.51	17.72	5.58	12.14	17.43	5.49	11.94
Oct	18.23	5.88	12.35	18.33	5.64	12.69	18.24	6.03	12.21
Nov	17.94	5.58	12.36	18.07	5.37	12.70	17.84	5.32	12.52
Dec	18.62	5.36	13.26	18.56	5.41	13.15	18.43	5.29	13.14
Total	213.68	68.36	145.32	216.52	67.45	149.07	213.61	66.38	147.23

Approximately 48% of all eggs broken are produced at in-line production/breaking facilities.

	2004	2005	2006	2007
Umer Barry Midwest Large Quote	86.74	68.47	75.37	\$1.17
Umer Barry Central Breaking Stock	48.38	29.02	29.42	68.86

Reduce Egg Supply Between Easter & Labor Day

UEP has suggested that if producers reduce their egg production for the weeks between Easter and Labor Day, it will make a major contribution to the annual price being increased by several cents per dozen.

How did the industry respond in 2007 compared to 2006?

Month	<u>Million Cases</u>	
	2006	2007
April	17.97	17.61
May	18.11	17.91
June	17.60	17.34
July	18.19	17.88
August	<u>18.21</u>	<u>17.88</u>
Total	90.08	88.62

1.46 million fewer cases in 2007

1.46 million cases converts to approximately 83 fewer truckloads of eggs per week.
1.65% fewer cases of eggs did make a major difference. Urner Barry's Midwest Large quote averaged \$1.04 during the 2007 period compared to 66.7 cents in 2006.

UEP Certified Program – Reduces Flock Size

- Let's assume that producers were providing cage space of 53.3 square inches prior to 2002.
- By 2007 this house would have been populated with 16.7% fewer hens when using the "house averaging" space allowance.
- Layer houses filled in the fall of 2008 and thereafter will see further reduction by 3.7% when using the "house averaging" space allowance.
- If each house held 100,000 hens in 2002 and if 240 million hens are currently in the UEP Certified program, we would see further hen reductions in late 2008 and 2009 by approximately 8.9 million hens.
- Producers built new houses between 2002 and 2007 to replace much of the hen loss per house but the expansion slowed down in 2006 and 2007.

Backfilling Cages

- From the summer of 2003 through the spring of 2004, the industry enjoyed very profitable prices.
- To take advantage of good prices – producers elected to back fill empty cages. This added several million hens to the nation's flock inventory and was a major reason we destroyed good prices.
- UEP Certified program then develops policy to prohibit backfilling cages. The market now reflects the benefits of that policy.

United States Egg Marketers - Export

<u>Year</u>	<u>Number of Trailer Loads</u>
2000	34
2001	252
2002	250
2003	300
2004	0
2005	0
2006	90
2007	930

What are prospects for 2008?

Market Demand - Growth

- In 2002 the layer hen population was 280 million
- In 2007 the layer hen population was 283 million
- Per capita egg consumption in 2002 = 255.9 eggs
- Per capita egg consumption in 2007 = 253.8 eggs
- People population in 2002 = 287 million
- People population in 2007 = 303 million
- Growth in population = 16 million
- 4.7% more total eggs consumed in 2007 than were in 2002.

2008 Flock Size

The latest estimates by Don Bell and Ken Looper forecast the layer hen inventory to grow by about 3 to 5 million hens throughout the year.



Looking To The Future – Hens In New or Remodeled Facilities

2007: Remodeled or new buildings for cage housing = 3.7 million hens
Remodeled or new buildings for cage-free housing = 2.4 million hens

2008: Cages for 10.1 million hens with 80% occupied by year end.

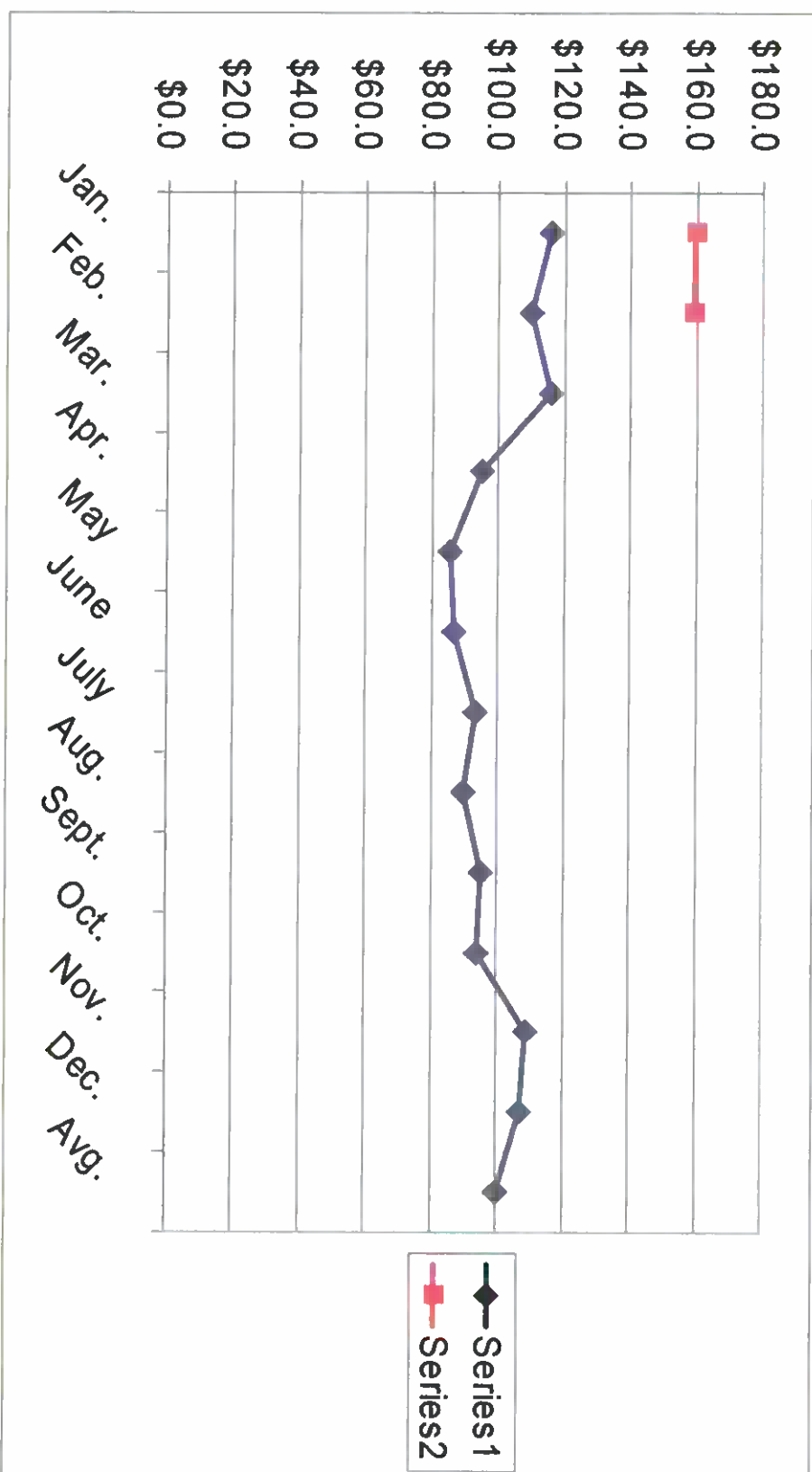
Cage-free equipment for 2.9 million hens with 95% occupied by year end.

Industry economics in 2005 and 2006 delayed most plans for replacing old depreciated equipment.

Source: Equipment Manufacturer

2008 Egg Price Forecast (Midwest Large)

Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Avg.
\$115.8	\$110.3	\$116.2	\$95.0	\$85.5	\$86.5	\$93.1	\$89.8	\$94.9	\$93.6	\$109.0	\$107.1	\$99.7
\$159.8	\$159.0											



Possible Impacts Upon 2008 Egg Prices

- Easter egg donations of 50 truck loads could have a positive impact.
- Unlikely USEM exports to Europe could have a negative impact.
- Managing supply between Easter and Labor Day could have a positive impact.
- Increased cage space per bird by fall could have a positive impact.

Bottom Line

Reasonably Confident That 2008 Will Be Profitable.